

**Eshraq Properties PJSC**

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

**Eshraq Properties PJSC**

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

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## **Review report on 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 30 June 2018 and the related condensed consolidated interim statement of comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review 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'.

PricewaterhouseCoopers  
12 AUGUST 2018

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

PricewaterhouseCoopers, (Abu Dhabi Branch), License no. 1001301  
Al Khatem Tower, Abu Dhabi Global Market, 25<sup>th</sup> Floor, PO Box 45263, Abu Dhabi - United Arab Emirates  
T: +971 (0)2 694 6800, F: +971 (0)2 645 6610, [www.pwc.com/me](http://www.pwc.com/me)

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

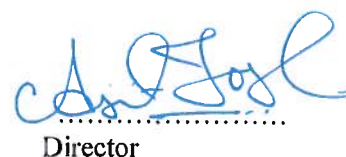
# Eshraq Properties PJSC

## Condensed consolidated interim statement of financial position

		30 June 2018	31 December 2017
	Note	AED'000 (Unaudited)	AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	101,506	103,123
Investment properties	7	885,509	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	153,860	-
		<u>1,140,875</u>	<u>1,141,747</u>
<b>Currents assets</b>			
Development work-in-progress	10	82,965	80,300
Inventories		90	78
Trade and other receivables	11	29,803	18,937
Financial assets at fair value through profit or loss	12	110,021	77,335
Cash and bank balances	13	153,258	181,900
		<u>376,137</u>	<u>358,550</u>
<b>Total assets</b>		<u>1,517,012</u>	<u>1,500,297</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	2,325,000	2,325,000
Statutory reserve	15	138,457	136,979
Accumulated losses		(972,871)	(986,168)
Revaluation reserve of financial assets designated as fair value through other comprehensive income		(1,636)	-
Cumulative changes in fair value of available-for-sale investments		-	(344)
<b>Net equity</b>		<u>1,488,950</u>	<u>1,475,467</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	16	609	648
<b>Current liabilities</b>			
Trade and other payables	17	27,453	24,182
<b>Total liabilities</b>		<u>28,062</u>	<u>24,830</u>
<b>Total equity and liabilities</b>		<u>1,517,012</u>	<u>1,500,297</u>

The condensed consolidated interim financial information has been approved and authorised by the Board of Directors on 12 AUGUST 2018 and signed on its behalf by:

  
Chairman

  
Director

## Eshraq Properties PJSC

### Condensed consolidated interim statement of comprehensive income

	Three-month period ended 30 June		Six-month period ended 30 June		
	Note	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)
Revenues		5,935	5,539	13,182	12,448
Cost of revenues		(1,295)	(1,670)	(2,728)	(3,446)
<b>Gross profit</b>		<u>4,640</u>	<u>3,869</u>	<u>10,454</u>	<u>9,002</u>
Loss on fair valuation of investment properties		-	(32,430)	-	(32,430)
Change in fair value of financial assets at fair value through profit or loss		6,188	-	11,517	-
Gain on disposal of Available-for-sale investments		-	34,103	-	34,103
General and administrative expenses		(8,692)	(6,100)	(14,354)	(10,922)
Selling and marketing expenses		(342)	(956)	(835)	(1,678)
<b>Operating profit/(loss) for the period</b>		<u>1,794</u>	<u>(1,514)</u>	<u>6,782</u>	<u>(1,925)</u>
Finance income, net		2,740	882	5,388	313
Other income		2,494	1,268	2,605	1,294
<b>Profit/(loss) for the period</b>		<u>7,028</u>	<u>636</u>	<u>14,775</u>	<u>(318)</u>
Other comprehensive income/ (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		3,058	-	(1,292)	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Net unrealised gain/(loss) on available-for-sale investments		-	3,474	-	(1,137)
<b>Other comprehensive income/(loss) for the period</b>		<u>3,058</u>	<u>3,474</u>	<u>(1,292)</u>	<u>(1,137)</u>
<b>Total comprehensive Profit/(loss) for the period</b>		<u>10,086</u>	<u>4,110</u>	<u>13,483</u>	<u>(1,455)</u>
Basic profit/(loss) per share (AED)	19	<u>0.0030</u>	<u>0.0003</u>	<u>0.0064</u>	<u>(0.0001)</u>

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

## 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-sales 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	(1,015,458)	(5,724)	-	1,437,543
Loss for the period	-	-	(318)	-	-	(318)
Other comprehensive loss for the period	-	-	-	(1,137)	-	(1,137)
Total comprehensive loss the period	-	-	(318)	(1,137)	-	(1,455)
<b>Balance at 30 June 2017 (Unaudited)</b>	<b>2,325,000</b>	<b>133,725</b>	<b>(1,015,776)</b>	<b>(6,861)</b>	<b>-</b>	<b>1,436,088</b>
<b>Balance at 1 January 2018 (Audited)</b>	2,325,000	136,979	(986,168)	(344)	-	1,475,467
Profit for the period	-	-	14,775	-	-	14,775
Other comprehensive loss for the period	-	-	-	-	(1,292)	(1,292)
Total comprehensive profit for the period	-	-	14,775	-	(1,292)	13,483
Reclassification (note 22)	-	-	-	344	(344)	-
Transfer to statutory reserve	-	1,478	(1,478)	-	-	-
<b>Balance at 30 June 2018 (Unaudited)</b>	<b>2,325,000</b>	<b>138,457</b>	<b>(972,871)</b>	<b>-</b>	<b>(1,636)</b>	<b>1,488,950</b>

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

## Eshraq Properties PJSC

### Condensed consolidated interim statement of cash flows

	Note	Six-month period ended	
		30 June	
		2018	2017
		AED'000	AED'000
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		14,775	(318)
<b>Adjustments for:</b>			
Depreciation	6	1,540	1,572
Loss on fair valuation of investment properties		-	32,430
Gain on disposal of available-for-sale investment		-	(34,103)
Provision for employees' end of service benefits	16	108	173
Change in fair value of financial assets at fair value through profit or loss		(11,517)	-
Gain on disposal of property and equipment		(98)	-
Interest income		(5,388)	(1,181)
Dividend income		(2,493)	-
Foreign exchange loss		-	888
<b>Operating cash flows before employees' end of service benefits paid and changes in working capital</b>		<b>(3,073)</b>	<b>(539)</b>
Employees' end of service benefits paid	16	(147)	(1,373)
<b>Changes in working capital:</b>			
Trade and other receivables		(15,194)	(2,645)
Inventories		(12)	4
Development work in progress		(2,665)	(2,733)
Trade and other payables		3,271	(95,728)
<b>Net cash used in operating activities</b>		<b>(17,820)</b>	<b>(103,014)</b>
<b>Cash flows from investing activities</b>			
Interest received		7,381	1,181
Proceeds from disposal of property and equipment		281	-
Proceeds from sale of available-for-sale investment		-	68,000
Additions to investment properties	7	(2,037)	(9,344)
Payment for purchase of property and equipment	6	(106)	(671)
Additions to available-for-sale investments		-	(50,000)
Dividends received		4,828	-
Additions to financial assets at fair value through profit or loss		(21,169)	-
Restricted cash released		732	-
Term deposits released/(placed), net		66,925	(105,000)
<b>Net cash generated from/(used in) investing activities</b>		<b>56,835</b>	<b>(95,834)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>39,015</b>	<b>(198,848)</b>
Foreign exchange difference		-	(888)
Cash and cash equivalents at 1 January		45,104	412,556
<b>Cash and cash equivalents at 30 June</b>	13	<b>84,119</b>	<b>212,820</b>

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

(5)

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

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

As required by Securities and Commodities Authority (SCA) through their letter dated 9 July 2018 (Exposure to Abraaj Group Companies), we disclose that the Group does not have any exposure to Abraaj Group of companies and any of the funds that it manages.

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

The condensed consolidated interim financial information for the six-month period ended 30 June 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 six-month period ended 30 June 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 six-month period ended 30 June 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 except for the adoption of IFRS 9 Financial Instruments from 1 January 2018 (note 22). 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.

## Eshraq Properties PJSC

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

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

##### 5.2 Liquidity risk

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

##### 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.

	Carrying amount <u>AED'000</u>	Fair value <u>AED'000</u>
<b>30 June 2018</b>		
<b>Financial assets</b>		
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	153,860	153,860
<b>Current</b>		
Financial assets at fair value through profit or loss	<u>110,021</u>	<u>110,021</u>
	<u>263,881</u>	<u>263,881</u>
<b>Current</b>		
– quoted	110,021	110,021
<b>Non-current</b>		
– quoted	284	284
– unquoted	<u>153,576</u>	<u>153,576</u>
	<u>263,881</u>	<u>263,881</u>
<b>31 December 2017</b>		
<b>Financial assets</b>		
Financial assets at fair value through profit and 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 reclassification as a result of a change in accounting policy.

## Eshraq Properties PJSC

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

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

##### 5.3 Fair value estimation

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

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.

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 30 June 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 30 June 2018 and 31 December 2017:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 30 June 2018</b>				
Investment properties	-	638,709	246,800	885,509
Financial assets carried at fair value through profit or loss	110,021	-	-	110,021
Financial assets at fair value through other comprehensive income	284	-	153,576	153,860
<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 reclassification 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.

## Eshraq Properties PJSC

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

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

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

###### (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.

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	106
Disposals for the period	(1,760)
<b>At 30 June 2018</b>	<u>126,756</u>
<b>Accumulated depreciation</b>	
At 1 January 2018	25,287
Charge for the period	1,540
Disposals for the period	(1,577)
<b>At 30 June 2018</b>	<u>25,250</u>
<b>Net book amount</b>	
<b>At 30 June 2018</b>	<u>101,506</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 six-month period ended 30 June 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 six-month period ended 30 June 2018.

	30 June 2018 AED'000	31 December 2017 AED'000
At 1 January	883,472	728,967
Additions during the period/year	2,037	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)
At 30 June/31 December	<u>885,509</u>	<u>883,472</u>

#### 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

	30 June 2018 AED'000	31 December 2017 AED'000
At 1 January	-	-
Transfer from advance for purchase of available-for-sale (note 8)	38,076	-
Investments reclassified from available-for-sale investments (note 22)	117,076	-
Change in fair value, net	<u>(1,292)</u>	<u>-</u>
At 30 June/31 December	<u>153,860</u>	<u>-</u>

The Group's investments 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.

## Eshraq Properties PJSC

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

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

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

#### 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 six-month period ended 30 June 2018.

	30 June 2018 AED'000	31 December 2017 AED'000
At 1 January	80,300	80,020
Additions during the period/year	2,665	3,181
Impairment loss on development work in progress	-	(2,901)
At 30 June/31 December	<u>82,965</u>	<u>80,300</u>

#### 11 Trade and other receivables

	30 June 2018 AED'000	31 December 2017 AED'000
Trade receivables	797	6,813
Advances to suppliers	16,067	2,075
Prepayments	2,453	1,468
Accrued interest income	2,554	4,547
Other receivables	7,932	4,034
	<u>29,803</u>	<u>18,937</u>

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

	30 June 2018 AED'000	31 December 2017 AED'000
At 1 January	77,335	-
Additions during the period/year	21,169	73,455
Fair value gain, net	11,517	3,880
At 30 June/31 December	<u>110,021</u>	<u>77,335</u>

## Eshraq Properties PJSC

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

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

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 30 June 2018, accrued interest on bonds of AED 413 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 and further invested AED 21,169 thousand in the same UAE listed equity securities in 2018. The fair value gain on financial assets at fair value through profit or loss from the equity securities amounted to AED 11,672 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:

	30 June 2018 AED'000	31 December 2017 AED'000
<b>Current assets</b>		
UAE listed equity securities	73,229	40,388
UAE listed bond	36,792	36,947
	<u>110,021</u>	<u>77,335</u>

#### 13 Cash and bank balances

	30 June 2018 AED'000	31 December 2017 AED'000
Cash on hand	22	31
Cash at bank*	29,052	53,842
Bank deposits with original maturity of more than three months	58,075	125,000
Bank deposits with original maturity of less than three months	66,109	3,027
	<u>153,258</u>	<u>181,900</u>

\*Cash at bank includes cash balances restricted with a local bank of AED 11,061 thousand (2017: AED 11,067 thousand) related to dividends declared in 2012 and 2013 and restricted cash deposited in a local bank amounting to AED 3 thousand (2017: AED 735 thousand).

Bank deposits with original maturity of less than three months carry interest at 6% – 7% (31 December 2017: 0.15 % - 1.70%) per annum.

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% per annum (2017: 6% - 7% per annum).

## Eshraq Properties PJSC

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

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

	30 June 2018 AED'000	31 December 2017 AED'000
Cash and bank balances	153,258	181,900
Less: Bank deposits with original maturity of more than three months	(58,075)	(125,000)
Less: Restricted cash	(11,064)	(11,796)
	<u>84,119</u>	<u>45,104</u>

#### 14 Share capital

	30 June 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

	30 June 2018 AED'000	31 December 2017 AED'000
At 1 January	648	2,120
Charge for the period/year	108	283
Employees' end of service benefits paid	(147)	(1,755)
At 30 June/31 December	<u>609</u>	<u>648</u>



## Eshraq Properties PJSC

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

#### 17 Trade and other payables

	30 June 2018 AED'000	31 December 2017 AED'000
Unclaimed dividends	11,061	11,061
Advances from customers*	8,375	7,676
Board remuneration	555	-
Trade payables	119	154
Retention payable	1,221	956
Accruals	491	539
Others	5,631	3,796
	<u>27,453</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:

	30 June 2018 AED'000	31 December 2017 AED'000
Advance for purchase of available-for-sale investments paid to an investment manager – a related party (classified as non-current asset) (note 8)	-	38,076
Bank balances with financial institutions which are related parties (included in cash and bank balances) (note 13)	137,706	144,874
Dividends receivable from a related party (included in trade and other receivables (note 11)	-	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)	153,576	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)	36,792	36,947

## Eshraq Properties PJSC

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

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

	30 June 2018 AED'000	31 December 2017 AED'000
Accrued interest from deposits placed in in related parties financial institutions – included in trade and other receivables (note 11)	1,623	4,134
Accrued interest from UAE listed bond issued by a related party – included in trade and other receivables (note 11)	413	413
Other receivables from an investment manager - a related party – included in trade and other receivables (note 11)	3,870	-
Other payables to an investment manager - a related party – included in trade and other payables (note 17)	-	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.

	Six-month period ended 30 June	
	2018 AED'000	2017 AED'000
Purchase of available-for-sale-investments (note 9)	-	50,000
<b>Key management compensation</b>		
Board of directors' remuneration	1,110	-
Short term benefits	-	1,012
Employee end of service benefits	-	46
	1,110	1,058

#### 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:

	Six-month period ended 30 June	
	2018 AED'000	2017 AED'000
Profit/(loss) for the period (AED)	14,775	(318)
Weighted average number of shares outstanding	2,325,000	2,325,000
Basic and diluted profit/(loss) per share (AED)	0.0064	(0.0001)

## **Eshraq Properties PJSC**

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 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 six-month period ended 30 June 2018 and 30 June 2017.

#### **21 Contingencies**

As at 30 June 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 information. 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 six-month period ended 30 June 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 the following change in accounting policy.

##### *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. Other streams of revenue of the Group will not have material impact by the adaption of IFRS 15.