

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2019

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Board of Directors of Ezdan Holding Group Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ezdan Holding Group Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), as at 30 June 2019, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review


We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements as at and for the six months ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

18 July 2019
Doha
State of Qatar




Yacoub Hobeika
Auditor's Registration No. 289
KPMG
Licensed by QFMA: External Auditor's
License No. 120153

EZDAN HOLDING GROUP Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

In thousands of Qatari Riyals

	Note	30 June 2019 (Reviewed)	31 December 2018* (Audited)
ASSETS			
Cash and bank balances	5	33,623	23,562
Receivables and prepayments	6	455,865	196,349
Inventories		28,124	28,061
Equity investments	7	2,354,523	3,316,717
Equity-accounted investees and joint venture	8	814,525	1,425,613
Investment property	9	43,960,569	43,863,571
Property and equipment		781,470	797,641
TOTAL ASSETS		48,428,699	49,651,514
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	10	1,356,362	2,764,318
Sukuk and Islamic financing borrowings	12	15,496,527	15,770,522
TOTAL LIABILITIES		16,852,889	18,534,840
EQUITY			
Share capital		26,524,967	26,524,967
Legal reserve		1,616,053	1,616,053
Fair value reserves		651,640	719,779
Foreign currency translation reserve		1,710	1,827
Retained earnings		3,069,320	2,542,036
Equity attributable to owners of the Company		31,863,690	31,404,662
Non-controlling interests		(287,880)	(287,988)
TOTAL EQUITY		31,575,810	31,116,674
TOTAL LIABILITIES AND EQUITY		48,428,699	49,651,514

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 18 July 2019.



Sheikh Abdulla Al-Thani
Vice Chairman



Tamer Fouad Mahmoud
Chief Financial Officer

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 4.

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

EZDAN HOLDING GROUP Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

In thousands of Qatari Riyals

	Note	<i>For the six months ended</i>	
		<i>30 June</i>	
		<i>2019</i>	<i>2018*</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
Rental income	13	647,991	625,513
Other operating revenues	13	50,212	59,662
Operating expenses	14	(112,387)	(148,433)
OPERATING PROFIT FROM MAIN OPERATIONS		585,816	536,742
Dividend income from equity investments	7	122,416	122,255
Net gain on sale of equity-accounted investees	15	58,185	-
Share of result of equity-accounted investees and joint venture	8	37,624	52,283
NET OPERATING PROFIT		804,041	711,280
Gain from change in fair value of investment properties		-	267,847
Finance costs	12	(369,588)	(450,320)
Other income		37,915	19,849
General and administrative expenses	14	(39,383)	(117,385)
Depreciation of property and equipment		(16,938)	(11,257)
Impairment reversal on trade and other receivables - net	6	4,768	338
PROFIT FOR THE PERIOD		420,815	420,352
<i>Profit attributable to:</i>			
Owners of the Company		420,707	422,306
Non-controlling interests		108	(1,954)
		420,815	420,352
BASIC AND DILUTED EARNINGS PER SHARE	16	0.016	0.016

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 4.

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

EZDAN HOLDING GROUP Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

In thousands of Qatari Riyals

	Note	<i>For the six months ended 30 June</i>	
		<i>2019 (Reviewed)</i>	<i>2018* (Reviewed)</i>
Profit for the period		420,815	420,352
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Equity investments at FVOCI - net change in fair value	7	84,036	213,002
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Cash flow hedges - effective portion of changes in fair value		(45,955)	14,478
Foreign operations - foreign currency translation differences		(117)	643
Equity-accounted investees - share of OCI	8	357	(296)
		(45,715)	14,825
Other comprehensive income for the period		38,321	227,827
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		459,136	648,179
<i>Attributable to:</i>			
Owners of the Company		459,028	650,133
Non-controlling interests		108	(1,954)
		459,136	648,179

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 4.

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

EZDAN HOLDING GROUP Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

In thousands of Qatari Riyals

	<i>Attributable to owners of the Company</i>					<i>Total</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Legal reserve(1)</i>	<i>Fair value reserves</i>	<i>Foreign currency translation reserve</i>	<i>Retained earnings</i>			
Balance at 31 December 2018* (Audited)	26,524,967	1,616,053	719,779	1,827	2,542,036	31,404,662	(287,988)	31,116,674
Total comprehensive income for the period								
Profit for the period	-	-	-	-	420,707	420,707	108	420,815
Other comprehensive income for the period	-	-	38,438	(117)	-	38,321	-	38,321
Total comprehensive income for the period	-	-	38,438	(117)	420,707	459,028	108	459,136
Other movement:								
Transfer of reserves on disposal of subsidiaries (Note 15)	-	-	(106,577)	-	106,577	-	-	-
Balance at 30 June 2019 (Reviewed)	<u>26,524,967</u>	<u>1,616,053</u>	<u>651,640</u>	<u>1,710</u>	<u>3,069,320</u>	<u>31,863,690</u>	<u>(287,880)</u>	<u>31,575,810</u>

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 4.

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

EZDAN HOLDING GROUP Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2019

In thousands of Qatari Riyals

	<i>Attributable to owners of the Company</i>					<i>Total</i>	<i>Non-controlling interests</i>	<i>Total Equity</i>
	<i>Share capital</i>	<i>Legal Reserve (1)</i>	<i>Fair value reserves</i>	<i>Foreign currency translation reserve</i>	<i>Retained earnings</i>			
Balance at 1 January 2018 (<i>Audited</i>)	26,524,967	1,572,678	(151,158)	154	2,181,547	30,128,188	4,137	30,132,325
Profit / (loss) for the period	-	-	-	-	422,306	422,306	(1,954)	420,352
Other comprehensive income for the period	-	-	227,184	643	-	227,827	-	227,827
Total comprehensive income for the period	-	-	227,184	643	422,306	650,133	(1,954)	648,179
Balance at 30 June 2018 (<i>Reviewed</i>)	<u>26,524,967</u>	<u>1,572,678</u>	<u>76,026</u>	<u>797</u>	<u>2,603,853</u>	<u>30,778,321</u>	<u>2,183</u>	<u>30,780,504</u>

- (1) In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Article of Association, a minimum of 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Article of Association. No transfer has been made for the six months ended 30 June 2019 as the Group will transfer the total required amount by 31 December 2019.

EZDAN HOLDING GROUP Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

In thousands of Qatari Riyals

	Note	<i>For the six months ended 30 June</i>	
		<i>2019</i>	<i>2018*</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		420,815	420,352
<i>Adjustments for:</i>			
Provision for impairment of receivables and prepayments	6	1,430	195
Reversal of allowance for impairment of doubtful receivables and prepayments	6	(6,198)	(533)
Net gain on sale of equity-accounted investees	15	(58,185)	-
Share of result of equity-accounted investees and joint venture	8	(37,624)	(52,283)
Gain from change in fair value of investment properties		-	(267,847)
Gain on expropriated investment properties		-	(19,054)
Depreciation of property and equipment		16,938	11,257
Gain on sale of property and equipment		(113)	-
Impairment loss of property and equipment		9	-
Provision for employees' end of services benefits	14	1,653	4,477
Dividend income from equity investments	7	(122,416)	(122,255)
Finance income		(127)	(786)
Finance costs	12	369,588	450,320
Gain on partial settlement of loan	12	(35,400)	-
		<u>550,370</u>	<u>423,843</u>
<i>Changes in:</i>			
Receivables and prepayments		(314,879)	(2,556)
Inventories		(63)	(6,311)
Payables and other liabilities		315,377	(19,161)
Cash from operating activities		<u>550,805</u>	<u>395,815</u>
Employees' end of service benefits paid		(18,529)	(13,252)
Net cash flows from operating activities		<u>532,276</u>	<u>382,563</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equity investments		-	(1,038)
Proceeds from sale of property and equipment		117	-
Proceeds from sale of equity investments		-	15
Additions to investment properties	9	(92,870)	(38,400)
Additions to property and equipment		(780)	(20,535)
Net movement in restricted bank balances		(150)	(2,860)
Dividends income received		197,855	200,725
Finance income received		127	786
Net cash flows from investing activities		<u>104,299</u>	<u>138,693</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Sukuk and Islamic financing borrowings	12	454,023	3,000,000
Repayments for Sukuk and Islamic financing borrowings	12	(1,081,302)	(3,576,291)
Movement in transaction cost		19,096	(21,549)
Dividends paid		(19,850)	-
Net cash flows used in financing activities		<u>(628,033)</u>	<u>(597,840)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		8,542	(76,584)
Net foreign exchange differences		1,369	4,561
Cash and cash equivalents as of 1 January		<u>21,937</u>	<u>366,550</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	<u>31,848</u>	<u>294,527</u>

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 4.

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

EZDAN HOLDING GROUP Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1 REPORTING ENTITY

Ezdan Holding Group Q.P.S.C. (the “Company”) is a Qatari Public Shareholding Company registered in the State of Qatar under the Commercial Registration Number 15466. The Company was established on 24 May 1993 as a limited liability company, and was publicly listed at Qatar Stock Exchange on 18 February 2008. The Company is domiciled in the State of Qatar and its registered office is at Ezdan Towers, West Bay Doha, State of Qatar.

The principal activity of the Company and its subsidiaries (collectively referred as the “Group”) is management and rentals of real estate properties. The Group is also engaged in financial and administrative control over a company or more by owing at least 51% of its shares, investment in shares, Sukuk, financial securities and other investments inside and outside the State of Qatar.

The principal subsidiaries of the Group are as follows:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Effective percentage of ownership</i>		
		<i>30 June 2019</i>	<i>31 December 2018</i>	<i>30 June 2018</i>
Ezdan Hotels Company W.L.L.	Qatar	100%	100%	100%
Ezdan Mall Company W.L.L.	Qatar	100%	100%	100%
Ezdan Real Estate Company W.L.L.	Qatar	100%	100%	100%
Ezdan Palace Hotel Company W.L.L.	Qatar	100%	100%	100%
Al Ruba Al Khali Trading Company W.L.L. (1)	Qatar	-	100%	100%
Al Ekleem for Real Estate and Mediation Co. W.L.L.	Qatar	100%	100%	100%
Al Taybin Trading Company W.L.L.	Qatar	100%	100%	100%
Al Namaa for Maintenance Company W.L.L.	Qatar	100%	100%	100%
Shatea Al Nile Company W.L.L.	Qatar	100%	100%	100%
Arkan for Import and Export Company W.L.L.	Qatar	100%	100%	100%
Tareek Al Hak Trading Company W.L.L.	Qatar	100%	100%	100%
Manazel Trading Company W.L.L.(1)	Qatar	-	100%	100%
Een Jaloot Trading Company W.L.L.	Qatar	100%	100%	100%
Tareek Al-Khair Trading Company W.L.L. (1)	Qatar	-	100%	100%
Alkora Alzahbya Company W.L.L. (1)	Qatar	-	100%	100%
Ezdan World W.L.L.	Qatar	70%	70%	70%
Emtedad Real Estate for Projects W.L.L.	Qatar	67.5%	67.5%	67.5%
Ezdan International Limited	Jersey	100%	100%	100%
Haloul Ezdan For Trading and Construction Company W.L.L.	Qatar	100%	100%	100%
Ezdan for Partnership Company W.L.L.	Qatar	100%	100%	100%
Ezdan for Cleaning Company W.L.L.	Qatar	100%	100%	100%
Ezdan for Landscape Company W.L.L.	Qatar	100%	100%	100%
Alraed for Sewerage Company W.L.L.	Qatar	100%	100%	100%
Ezdan for Transactions Clearance Company W.L.L.	Qatar	100%	100%	100%

The Parent of the Group is Al-Tadawul Trading Group Q.P.S.C. (“Tadawul”) which aggregately owns directly and indirectly through its subsidiaries, approximately 54% of the share capital of the Company as at 30 June 2019 and 31 December 2018.

(1) The Group disposed of four subsidiaries during the period (Note 15).

2 BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2018 (the “last annual financial statements”). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

This is the first set of the Group’s financial statements in which IFRS 16 “Leases” has been applied. Changes to significant accounting policies are described in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on 18 July 2019.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made 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.

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 last annual consolidated financial statements, except for new significant judgements related to the application of IFRS 16, which are described in Note 4.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team who has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports significant valuation issues directly to the Group's Chief Financial Officer and audit committee.

The Group's Chief Financial Officer and audit committee together with the valuation team regularly reviews valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is insignificant to the entire measurement.

The Group recognises the transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring the fair values is included in Note 19.

Management has carried its equity investments and derivative financial assets / liabilities at fair value. For other financial assets and liabilities management believes that as at the reporting date their fair values approximated their carrying amounts. For investment property, the management has valued it at 31 December 2018 and believes that there will be no significant changes in its fair valuation at the interim reporting date.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS "Leases" from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. However, the IFRS 16 provides recognition exemptions for short term leases and leases for which the underlying asset is of low value. The Group, as a lessee, has applied the recognition exemption and did not recognise right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 “*Determining Whether an Arrangement contains a Lease*”. The Group now assesses whether a contract is or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration.

On transition to IFRS 16, the Group elected to apply the practical expedients to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. Group as a Lessee

The Group leases warehouses under non - cancellable operating lease agreements.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. IFRS 16 requires the recognition of right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Accordingly, the Group has not recognized any right-of-use assets and lease liabilities.

All the Group’s leases are of short term, and the Group has elected to use recognition exemption for these short-term leases. Accordingly, there is no impact on transition to IFRS 16.

C. Group as a Lessor

The Group leases out its investment property and has classified these leases as operating leases. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. Accordingly, the Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 “*Revenue from Contracts with Customers*” to allocate consideration in the contract to each lease and non-lease component.

EZDAN HOLDING GROUP Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

In thousands of Qatari Riyals

5 CASH AND BANK BALANCES

For the purpose of the condensed consolidated interim statement of cash flows, cash and bank balances comprised of the following:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Cash on hand	853	339
<i>Cash at banks and other financial institutions</i>		
Saving and call accounts	13,797	10,493
Current accounts	17,198	11,105
Margin accounts	1,775	1,625
<i>Total cash at banks and other financial institutions</i>	<u>32,770</u>	<u>23,223</u>
<i>Cash and bank balances</i>	33,623	23,562
Less: Restricted bank balances	<u>(1,775)</u>	<u>(1,625)</u>
Cash and bank balances	<u>31,848</u>	<u>21,937</u>

6 RECEIVABLES AND PREPAYMENTS

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Tenant receivables – net	60,148	45,657
Receivable from government on expropriation of investment properties (Note 9)	50,366	50,366
Advances to suppliers and contractors (1)	316,574	39,166
Derivative financial assets	-	10,844
Due from related parties (Note 11(b.i))	3,053	29,219
Prepaid expenses	5,971	5,614
Refundable deposits - net	13,996	13,954
Accrued income	-	202
Net other receivables and debit balances	<u>5,757</u>	<u>1,327</u>
	<u>455,865</u>	<u>196,349</u>

(1) Due from related parties included in advances to suppliers and contractors account are disclosed in (Note 11(b.ii)).

The maturity of receivables and prepayments are as follows:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Current	441,869	172,296
Non-current	<u>13,996</u>	<u>24,053</u>
	<u>455,865</u>	<u>196,349</u>

EZDAN HOLDING GROUP Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

In thousands of Qatari Riyals

6 RECEIVABLES AND PREPAYMENTS (CONTINUED)

The movements in the provision for impairment of receivables and prepayments were as follows:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
At 1 January 2019 / 1 January 2018 (Audited)	125,686	100,272
Provision made during the period / year	1,430	29,457
Provision written off	(15,678)	-
Adjustment on disposal of subsidiaries (Notes 11(a) and 15)	(503)	-
Provision reversed (Note 11 (a))	(6,198)	(4,043)
	<u>104,737</u>	<u>125,686</u>

The allowance for impairment consists of:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Tenants receivables	96,789	109,025
Due from related parties (Note 11 (b.i))	-	6,701
Refundable deposits	1,627	1,627
Other receivables	6,321	8,333
	<u>104,737</u>	<u>125,686</u>

7 EQUITY INVESTMENTS

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
At 1 January 2019 / 1 January 2018 (Audited)	3,316,717	2,470,953
Purchases	-	1,039
Disposals as part of disposal of subsidiaries (Note 15)	(1,046,230)	-
Other disposals	-	(18,127)
Net change in fair value	84,036	862,852
At 31 December	<u>2,354,523</u>	<u>3,316,717</u>

The equity investments consist of:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Quoted shares (1)	2,354,523	3,262,460
Unquoted shares (2)	-	54,257
	<u>2,354,523</u>	<u>3,316,717</u>

(1) The quoted shares are the Group's equity investments that are carried at FVOCI. The pledges on these equity investments are disclosed in Note 12.

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7 EQUITY INVESTMENTS (CONTINUED)

Quoted shares: concentration of investment portfolio

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of industry concentration. The industry concentration of the investment portfolio is as follows:

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
<i>Quoted shares listed at Qatar Stock Exchange (QSE)</i>		
Banks and financial institutions	2,288,107	3,179,762
Consumer goods and services	31,068	38,423
Transportation	18,294	21,000
Industries	15,875	18,343
Telecommunication	523	1,362
Real estate	656	1,219
Insurance	-	2,351
	<u>2,354,523</u>	<u>3,262,460</u>

(2) Unquoted shares represents the Group's investments in Dar Al Arab W.L.L. and Dar Al-Sharq for Printing, Publishing and Distribution W.L.L. These investments have been disposed of during the period as part of disposal of subsidiaries (Note 15).

The Group generated dividend income from the equity investments amounting to QR 122,416 (six-months period ended 30 June 2018: QR 122,255) during the period.

8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE

	<i>Country of incorporation</i>	<i>Ownership interest</i>		30 June 2019 (Reviewed)	31 December 2018 (Audited)
		30 June 2019 (Reviewed)	31 December 2018 (Audited)		
<i>Associates:</i>					
Qatar International Islamic Bank Q.P.S.C. (Note 11(c.ii))	Qatar	6.04%	10.00 %	542,820	919,796
Medicare Group Q.S.C.	Qatar	2.00%	12.50 %	39,417	251,580
Qatar Islamic Insurance Company Q.P.S.C.	Qatar	4.92%	7.33 %	47,842	71,556
Total of associates				<u>630,079</u>	<u>1,242,932</u>
<i>Joint venture:</i>					
White Square Real Estate W.L.L.	Qatar	32.50 %	32.50 %	184,446	182,681
				<u>814,525</u>	<u>1,425,613</u>

The Group recognized net gain on sale of equity-accounted investees amounting to QR 58,185 (six-month period ended 30 June 2018: QR Nil) during the period (Note 15). The Group also recognized its share on the operating results of its associates / joint venture amounting to QR 37,624 (six-month period ended 30 June 2018: QR 52,283) during the period.

The total fair market value of the equity-accounted investees amounted to QR 766,685 (2018: QR 1,281,918) as at reporting date.

Although the Group's percentage ownership interest in equity accounted investees decreased during the six months period ended 30 June 2019, the Group still has the ability to exercise significant influence through its nominated members in Board of Directors of the equity-accounted investees; hence, these are still classified as equity accounted investees and equity method has been applied.

8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE (CONTINUED)

Reconciliation of the summarized financial information presented to the carrying amount of its interests in equity-accounted investees and joint venture is as follows:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
At 1 January 2019 / 1 January 2018 (Audited)	1,425,613	1,401,961
Dividends received	(75,439)	(79,445)
Share of results	37,624	102,083
Share of net movement in other comprehensive income	357	1,167
Share of net movement in translation reserve	-	(153)
Disposals during the period (Note 15)	(573,630)	-
	<u>814,525</u>	<u>1,425,613</u>

9 INVESTMENT PROPERTY

The movements in the investment properties during the period are as follows:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
At 1 January 2019 / 1 January 2018 (Audited)	43,863,571	43,819,785
Development costs during the year (Note 11(a))	92,870	82,242
Capitalized finance cost (Note 11(a))	4,813	-
Expropriation of investment properties (1)	-	(31,312)
Foreign exchange adjustment	(685)	(7,144)
	<u>43,960,569</u>	<u>43,863,571</u>

Investment properties consists of:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Completed properties	41,240,879	41,020,221
Vacant land	977,790	2,698,180
Projects under development	1,741,900	145,170
	<u>43,960,569</u>	<u>43,863,571</u>

Investment properties are stated at fair value, which has been determined based on valuation performed by accredited independent valuers as at 31 December 2018. The valuer is an accredited independent valuer with a recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values, the valuers have used their market knowledge and professional judgment and not only relied on historical transactions comparable. The valuation has been prepared in accordance with the appropriate sections of the Practice Statements ("PS"), contained with the RICS Valuation- Professional Standards 2017 (the "Red Book").

Group did not performed a fair valuation of investment properties at 30 June 2019.

Investment properties are located in State of Qatar and United Kingdom.

The mortgages on the investment properties are disclosed in Note 12.

(1) During 2018, the government agreed to pay an amount of QR 50,366 against the expropriated property, which is still receivable from the government (Note 6).

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10 PAYABLES AND OTHER LIABILITIES

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Due to a related party (Note 11(c.i))	171,183	1,559,192
Dividend payables	737,989	757,839
Tenants' deposits	147,110	148,528
Payables to contractors and suppliers (1)	62,519	68,113
Unearned rent income	53,625	57,168
Retention payable (1)	53,393	41,824
Accrued expenses	28,809	34,742
Derivative financial liabilities	35,111	-
Provision for Social and Sports Activities Fund	-	10,844
Provision for employees' end of service benefits	6,710	23,587
Advances received from customers	2,700	2,700
Other payables	57,213	59,781
	<u>1,356,362</u>	<u>2,764,318</u>

(1) Payable to contractors and suppliers and retention payables also include balances payable to related parties which are disclosed in (Note 11(c.ii)).

The maturity of payables and other liabilities are as follows:

	<i>30 June 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>
Non-current	95,214	65,411
Current	<u>1,261,148</u>	<u>2,698,907</u>
	<u>1,356,362</u>	<u>2,764,318</u>

11 RELATED PARTIES DISCLOSURES

(a) Related party transactions

Transactions with related parties included in the condensed consolidated statement of profit or loss are as follows:

	<i>For the six months ended 30 June</i>	
	<i>2019 (Reviewed)</i>	<i>2018 (Reviewed)</i>
Development costs of investment property (1)	83,610	18,112
Capitalized finance costs	4,813	-
Expensed-out finance costs (2)	51,619	64,478
Reversal of provision on receivables (Note 6)	6,198	-
Provision against receivables transferred on disposal of subsidiaries (Note 6)	503	-
Compensation of directors and other key management personnel (Notes 11(d) and 14)	-	35,250
Profit on disposal of subsidiaries and associates to a related party (Note 15)	58,185	-
Rental income	1,938	3,859
Other income (Note 12)	35,400	-

(1) The Group entered into a construction agreement with SAK Trading and Contracting Company W.L.L., to construct specific investment properties (Note 9).

(2) These relate to Islamic finance borrowings from equity-accounted investee.

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11 RELATED PARTIES DISCLOSURES (CONTINUED)

(b.i) Due from related parties

	<i>Note</i>	30 June 2019 (Reviewed)	<i>31 December 2018 (Audited)</i>
<i>Entities under common control:</i>			
The Curve Hotel Company W.L.L.		2,790	21,938
Dar Al Arab W.L.L.		-	13,719
White Square Real Estate Company W.L.L.		263	263
Due from related parties, gross		3,053	35,920
Less: allowance for impairment of due from related parties	6	-	(6,701)
Due from related parties, net	6	3,053	29,219

The above balances are of financing in nature, bear no interest or securities and are receivable on demand.

(b.ii) Other related party receivable

	30 June 2019 (Reviewed)	<i>31 December 2018 (Audited)</i>
<i>Entities under common control:</i>		
Advances to suppliers and contractors including advances made to SAK Contracting and Trading W.L.L. and SAK Security Services W.L.L. (Note 6)	307,538	29,936

(c.i) Due to a related party

	<i>Note</i>	30 June 2019 (Reviewed)	<i>31 December 2018 (Audited)</i>
<i>Entity under common control:</i>			
Due to SAK Holding Group W.L.L. (1)		308,869	-
Due from SAK Holding Group W.L.L.(2)		(137,686)	1,559,192
Net payable to SAK Holding Group W.L.L.	10	171,183	1,559,192

(1) The amount represents development costs relating to investment property paid for a subsidiary of the Group during the period by SAK Holding Group W.L.L.

(2) This amount represents the remaining outstanding balance due to SAK Holding Group W.L.L., in relation to the settlement agreement with the Group. This balance is of financing in nature, bears no interest or securities and payable on demand. Also refer to Note 15.

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11 RELATED PARTIES DISCLOSURES (CONTINUED)

(c.ii) Other related party payables

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
<i>Equity accounted investee (QIIB):</i>		
Secured Islamic financing (Note 12)	<u>1,946,455</u>	<u>1,946,000</u>
<i>Other related parties:</i>		
Borrowing from a key shareholder (Note 12)	<u>729,100</u>	<u>385,000</u>
Payables to contractors and suppliers and retention payable including balances made to SAK Contracting and Trading W.L.L. and SAK Security Services W.L.L. (Note 10)	<u>7,406</u>	<u>1,899</u>

(d) Compensation of directors and other key management personnel

The remuneration of directors and other key management personnel during the period is as follows (Note 11(a)):

	<i>For the six months ended 30 June</i>	
	2019 (Reviewed)	2018 (Reviewed)
Board of directors remuneration	-	16,896
Key management and executive benefits	-	18,354
	<u>-</u>	<u>35,250</u>

12 SUKUK AND ISLAMIC FINANCING BORROWINGS

The movements on the Islamic financing borrowings during the period / year were as follows:

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
At 1 January 2019 / 1 January 2018 (Audited)	15,864,319	16,270,461
Additions	454,023	3,385,000
Finance costs	369,588	835,545
Repayments	(1,081,302)	(4,626,687)
Partial settlement of loan	(35,400)	-
	<u>15,571,228</u>	<u>15,864,319</u>
Less: transaction costs	(74,701)	(93,797)
	<u>15,496,527</u>	<u>15,770,522</u>

The maturity of these borrowings are as follows:

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Non-current	13,291,174	14,202,663
Current	2,205,353	1,567,859
	<u>15,496,527</u>	<u>15,770,522</u>

12 SUKUK AND ISLAMIC FINANCING BORROWINGS (CONTINUED)

Terms and conditions of the outstanding borrowing facilities were as follows:

<i>Type of facility</i>	<i>Currency</i>	<i>Condition</i>	<i>Profit rate</i>	<i>Year of maturity</i>	<i>30 June 2019</i> <i>(Reviewed)</i>	<i>31 December 2018</i> <i>(Audited)</i>
Ijara	QR	Secured	QMRL rate	2023 – 2027	4,131,384	4,232,168
Ijara	USD	Secured	1M /3M LIBOR	2020	500,287	537,870
Murabaha	QR	Secured	QMRL rate	2023 – 2028	4,533,386	4,536,976
Murabaha	USD	Secured	1Y/3 M LIBOR 4.375 % and	2019 – 2024	2,014,713	2,511,420
Sukuk financing	USD	Unsecured	4.875 %	2021 – 2022	3,662,358	3,660,885
Borrowings from key shareholder	QR	Unsecured	Non-interest bearing	2019	729,100	385,000
					<u>15,571,228</u>	<u>15,864,319</u>

The Islamic financing borrowings have been obtained for the purpose of financing the obligations of the Group. All the contracts carry profits at commercial rates. The Group recognized finance costs amounting to QR 369,588 within the condensed consolidated statement of profit or loss (six month period ended 30 June 2018: QR 450,320) during the period.

As at 30 June 2019, the Group had secured borrowings against mortgages on different types of investment properties owned by the Group with a carrying value of QR 15,698,618 (31 December 2018: QR 15,698,618) and mortgage against quoted shares included in the interim condensed consolidated financial statements within equity investments with carrying value of QR 520,741 as at 30 June 2019 (31 December 2018: QR 663,929).

On 29 March 2018, the Group obtained Islamic financing borrowing from a local bank amounted QR 3,000,000. The purpose of the borrowing is to refinance some existing borrowing and the contract carry profits at commercial rates. The borrowing is secured by mortgage on some investment properties.

During the six months period ended 30 June 2019, the Group obtained unsecured, non-interest bearing borrowings from a key shareholder of the Group amounting to QR 454,023 (six months period ended 30 June 2018: QR Nil). Effect of discounting on this loan is not material, accordingly, it is shown at its nominal amount.

Some of the Group's borrowings agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. As at 30 June 2019, the Group did not fulfil certain financial ratios as required in the contracts for some agreements. However, all contractual obligations from borrowings were paid on a timely basis during the period and management expects that the Group will be able to meet all contractual obligations from borrowings on a timely basis going forward. Management is in the process of renegotiating the financial ratios of certain borrowing agreements with concerned lenders and expects that revised ratios for temporary period will be in place going forward.

On 19 March 2019, partial settlement of borrowings from a key shareholder amounting to QR 35,400 took place.

13 RENTAL INCOME AND OTHER OPERATING REVENUES

The Group's operations and main revenue streams are those described in the last annual financial statements. Apart from income from investments and leasing, Group has revenue from contracts with customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by major service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (Note 18).

A. Disaggregation of revenue based on major revenue streams:

<i>For the six months ended 30 June 2019 (Reviewed)</i>	<i>Revenue streams</i>				
	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Total</i>
Rental income (under IFRS 16)	527,308	-	86,254	34,429	647,991
Revenue under IFRS 15					
Major service lines					
Food and beverage	-	-	12,494	-	12,494
Health club	-	-	1,926	-	1,926
Internet	-	-	948	-	948
Laundry	-	-	473	-	473
Entertainment	-	-	-	126	126
Provision of utilities services	21,891	-	-	-	21,891
Common area charges	-	-	-	5,792	5,792
Marketing services	-	-	-	1,227	1,227
Others	3,939	-	306	1,090	5,335
Revenue under IFRS 15	25,830	-	16,147	8,235	50,212
Income from investments and other income					
Dividend income from equity accounted investees	-	122,416	-	-	122,416
Share of result of equity-accounted investees and joint venture	-	37,624	-	-	37,624
Net gain on sale of equity-accounted investees	-	58,185	-	-	58,185
Other income	35,969	941	-	1,005	37,915
Reversal of provision on trade and other receivables - net	4,875	-	(107)	-	4,768
	40,844	219,166	(107)	1,005	260,908
External revenue as reported in Note 18	593,982	219,166	102,294	43,669	959,111

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13 RENTAL INCOME AND OTHER OPERATING REVENUES (Continued)

Disaggregation of revenue (continued)

A. Disaggregation of revenue based on major revenue streams (continued):

For the six months ended 30 June 2018 (Reviewed)	Revenue streams				
	Residential and commercial property	Investments	Hotel and suites	Malls	Total
Rental income (under IAS 17)	503,537	-	74,700	47,276	625,513
Revenue under IFRS 15					
<i>Major service lines</i>					
Food and beverage	-	-	11,478	-	11,478
Health club	-	-	3,008	-	3,008
Internet	-	-	2,934	-	2,934
Laundry	-	-	668	-	668
Entertainment	-	-	-	413	413
Provision of utilities services	25,290	-	-	-	25,290
Common area charges	-	-	-	6,564	6,564
Marketing services	-	-	-	1,960	1,960
Others	4,008	-	2,218	1,121	7,347
Revenue under IFRS 15	29,298	-	20,306	10,058	59,662
Income from investments and other income					
Gain from change in fair value of investment properties	267,847	-	-	-	267,847
Dividend income from equity accounted investees	-	122,255	-	-	122,255
Share of result of equity-accounted investees and joint venture	-	52,283	-	-	52,283
Other income	19,717	79	-	53	19,849
Reversal of provision on trade and other receivables	338	-	-	-	338
	287,902	174,617	-	53	462,572
External revenue as reported in Note 18	820,737	174,617	95,006	57,387	1,147,747

B. Disaggregation of revenue under IFRS 15 based on timing of revenue recognition:

	For the six months ended 30 June		Timing of revenue recognition
	2019 (Reviewed)	2018 (Reviewed)	
Food and beverage	12,494	11,478	Point in time
Health club	1,926	3,008	Over the time
Internet	948	2,934	Over the time
Laundry	473	668	Point in time
Entertainment	126	413	Over the time
Provision of utilities services	21,891	25,290	Over the time
Common area charges	5,792	6,564	Over the time
Marketing services	1,227	1,960	Over the time
Others	5,335	7,347	Over the time
Revenue under IFRS 15	50,212	59,662	

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14 EXPENSES

Operating expenses:

	<i>For the six months ended 30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Staff cost (1)	24,172	38,232
Utilities	30,749	37,808
Repairs and maintenance	21,536	25,784
Sewage	12,032	11,146
Cleaning expenses	5,897	8,229
Security expenses	4,687	6,493
Food and beverages	3,912	4,987
Advertising costs	701	2,926
Laundry and dry cleaning	2,301	2,482
Fuel	326	1,077
Commissions	914	480
Other operating expenses	5,160	8,789
	112,387	148,433

General and administrative expenses:

	<i>For the six months ended 30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Staff cost and board allowances (1) (2)	17,532	79,944
Professional fees	4,081	6,612
Registration fees	4,198	4,402
Bank charges	1,997	2,695
Advertising costs	126	2,124
Insurance cost	1,789	1,634
Rent expense	922	1,612
Communication	1,025	1,554
Printing and stationery	327	565
Other operating expenses	7,386	16,243
	39,383	117,385

- (1) Staff cost includes a provision for employees' end of service benefits of QR 1,653 (six-month period ended 30 June 2018: QR 4,477) during the period.
- (2) The account charged under general and administrative expense also includes allowance of Board of Directors and other key management personnel amounting to QR 32,250 for the prior period ended 30 June 2018. No expense under this account was incurred during the current period (Note 11 (a) and 11 (d)).

15 DISPOSALS OF SUBSIDIARIES / EQUITY ACCOUNTED INVESTEEES

The Group entered into an agreement with SAK Holding Group W.L.L. on 7 April and 8 April 2019 to dispose of the following subsidiaries. Sale proceeds from the transaction were settled against the balance payable to SAK Holding Group W.L.L. and constitutes a non-cash transaction.

The final addendum to sale agreement mentioning the sale price is under authentication as of the review conclusion date and the sale price shown below is based on draft addendum.

Gain on disposal of subsidiaries / associates is computed as follows:

	<i>Sale Price</i>	<i>Net Assets</i>	<i>Gain / (Loss)</i>
Alkora Alzahbya Company W.L.L.	459,258	(433,960)	25,298
Al Ruba Al Khali Trading Company W.L.L.	453,115	(457,499)	(4,384)
Manazel Trading Company W.L.L.	404,660	(378,945)	25,715
Tareek Al-Khair Trading Company W.L.L.	374,382	(362,826)	11,556
	1,691,415	(1,633,230)	58,185

In the consolidated financial statements of the Group, some of the equity investments held by the subsidiaries are classified as associates due to existence of significant influence. The whole of gain on disposal of QR 58,185 pertains to the partial disposal of these equity accounted investees. Carrying amount of these equity accounted investees disposed of amounted to QR 573,630. For the subsidiaries, net assets comprise of FVOCI equity investments, which are carried at fair value, and the sale price determined is also fair value of these assets, accordingly there is no gain on disposal of subsidiaries.

On disposal, the Group transferred fair value reserves relating to FVOCI equity investments QR 106,577 to retained earnings.

The disposal was not treated as discontinued operations as it does not represent a separate line of business or geographical area of operations. The above subsidiaries did not constitute a business, as they were for the purpose of investing activities only.

16 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

On 18 March 2019, the Extraordinary General Meeting of the Group approved the par value of the ordinary share to be QR1 instead of QR10, as per the instructions of Qatar Financial Markets Authority (QFMA), and amendment of the related Articles of Association. The share split was implemented on 2 July 2019 and the total number of shares were increased from 2,652,496 to 26,524,967 ordinary shares. Consequently, earnings per share for the current period has been adjusted and has been restated for comparative periods to reflect this.

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to owners of the Company	420,707	422,306
Weighted average number of shares outstanding during the period (thousands of shares)	26,524,967	26,524,967
Basic and diluted earnings per share	0.016	0.016

17 CONTINGENT LIABILITIES AND COMMITMENTS**Contingent liabilities**

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Bank guarantees	<u>11,838</u>	<u>11,688</u>

Commitments**(i) Capital expenditure commitments:**

The Group has the following contractual obligations to develop investment properties at the reporting date.

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Contractual commitments to contractors and suppliers for development of investment property projects	<u>1,262,468</u>	<u>56,562</u>

(ii) Operating lease commitments:*Group as a lessor:*

The Group leases out residential and commercial properties under non-cancellable operating lease agreements.

The rent income recognized to profit or loss during the six months period is disclosed in Note 13 as "Rental income".

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
No later than 1 year	590,781	687,779
Later than one year and no later than five years	337,509	267,247
More than five year	164,170	225,054
	<u>1,092,460</u>	<u>1,180,080</u>

Group as a lessee:

The Group has the following operating lease commitments as a lessee as at the reporting date.

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
No later than 1 year	759	3,262
Later than one year and no later than five years	-	76
	<u>759</u>	<u>3,338</u>

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18 OPERATING SEGMENTS

The Group has four strategic divisions, which are reportable segments. These divisions offer different services, and are managed by the Group separately for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Residential and commercial property	Development, trade, and rental of real estates.
Investments	Investment activities including shares and bonds.
Hotel and suites	Management of hotels, suites, and restaurants.
Malls	Management of malls.

The Group's Chief Executive Officer reviews the internal management reports of each division at least quarterly.

The following table presents segment results regarding the Group's operating segments for the six months period:

<i>For the six months ended 30 June 2019 (Reviewed)</i>	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Segment income	597,403	219,166	102,294	43,669	(3,421)	959,111
Segment expenses	(484,446)	(8)	(39,947)	(15,916)	2,021	(538,296)
Segment profit	112,957	219,158	62,347	27,753	(1,400)	420,815
<i>For the six months ended 30 June 2018 (Reviewed)</i>	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Segment income	829,857	174,617	108,424	57,387	(22,538)	1,147,747
Segment expenses	(643,115)	(116)	(61,788)	(33,558)	11,182	(727,395)
Segment profit	186,742	174,501	46,636	23,829	(11,356)	420,352

The following table presents the assets and liabilities of the Group's operating segments as at reporting date:

	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Segment assets						
<i>As at 30 June 2019 (Reviewed)</i>	38,897,390	3,170,955	5,761,571	3,335,931	(2,737,148)	48,428,699
<i>As at 31 December 2018 (Audited)</i>	37,477,589	9,723,630	6,123,050	3,644,132	(7,316,887)	49,651,514
Segment liabilities						
<i>As at 30 June 2019 (Reviewed)</i>	18,360,654	969,271	124,450	134,630	(2,736,116)	16,852,889
<i>As at 31 December 2018 (Audited)</i>	25,563,648	130	136,993	135,163	(7,301,094)	18,534,840

19 FAIR VALUES AND RISK MANAGEMENT**FINANCIAL INSTRUMENTS***Accounting classification and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<i>Carrying amount</i>			<i>Fair Values</i>			
	<i>FVOCI – equity investment</i>	<i>Fair value – Hedging instruments</i>	<i>Amortized cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>As at 30 June 2019 (Reviewed)</i>							
Financial assets measured at fair value							
Equity securities	2,354,523	-	-	2,354,523	-	-	2,354,523
Financial assets not measured at fair value							
Trade and other receivables	-	-	82,954	-	-	-	-
Cash and cash equivalents	-	-	32,770	-	-	-	-
Financial liabilities measured at fair value							
Derivative	-	35,111	-	-	35,111	-	35,111
Financial liabilities not measured at fair value							
Sukuk and Islamic financing borrowings – listed	-	-	3,648,424	3,292,483	-	-	3,292,483
Sukuk and Islamic financing borrowings - others	-	-	11,848,103	-	-	-	-
Trade and other payables	-	-	1,229,407	-	-	-	-

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19 FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classification and fair values (continued)

	<i>Carrying amount</i>			<i>Fair Value</i>			
	<i>FVOCI – equity investment</i>	<i>Fair value – Hedging instruments</i>	<i>Amortized cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>As at 31 December 2018 (Audited)</i>							
Financial assets measured at fair value							
Equity securities	3,316,717	-	-	3,262,460	-	54,257	3,316,717
Derivative	-	10,844	-	-	10,844	-	10,844
Financial assets not measured at fair value							
Trade and other receivables	-	-	90,157	-	-	-	-
Cash and cash equivalents	-	-	23,223	-	-	-	-
Financial liabilities not measured at fair value							
Sukuk and Islamic financing borrowings - listed	-	-	3,671,664	2,998,658	-	-	2,998,658
Sukuk and Islamic financing borrowings - others	-	-	12,098,858	-	-	-	-
Trade and other payables	-	-	2,635,277	-	-	-	-

19 FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**INVESTMENT PROPERTY**

	<i>Fair Values*</i>				<i>Total</i>
	<i>Carrying amount</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<i>As at 30 June 2019 (Reviewed)</i>					
Completed properties	41,240,879	-	-	41,240,879	41,240,879
Vacant land	977,790	-	977,790	-	977,790
Projects Under development	1,741,900	-	-	1,741,900	1,741,900
	43,960,569	-	977,790	42,982,779	43,960,569
<i>As at 31 December 2018 (Audited)</i>					
Completed properties	41,020,221	-	-	41,020,221	41,020,221
Vacant land	2,698,180	-	2,698,180	-	2,698,180
Projects Under development	145,170	-	-	145,170	145,170
	43,863,571	-	2,698,180	41,165,391	43,863,571

*Fair valuation of investment property is not carried out as at 30 June 2019; categorization into fair value hierarchy levels is based on methods used during valuation at 31 December 2018.

There are no transfers between level 2 and level 3 during the period.

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19 FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2019 and 31 December 2018 for assets and liabilities measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 3.

<i>Type</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Inter-relationship between significant unobservable inputs and fair value measurement</i>
Equity securities unquoted	– <i>Discounted cash flows:</i> The valuation model considers the present value of expected cash flows discounted using weighted average cost of the capital of the Companies being valued.	<u><i>Expected cash flows:</i></u> (30 June 2019: Not Applicable, 31 December 2018: from negative cash flows of QR 10,368 to positive cash flows of QR 11,727 from year 2019 to 2023 and a terminal value of QR 35,947) <u><i>Weighted average cost of capital:</i></u> (30 June 2019: Not Applicable, 31 December 2018: 13%) <u><i>Terminal growth rate:</i></u> (30 June 2019: Not Applicable, 31 December 2018: 3%) (The Group has disposed of all unquoted equity investments during the period as part of disposal of subsidiaries (Note 15).	The estimated fair value would increase (decrease) if: – Expected cash flows were higher (lower); or – Weighted average cost of capital were lower (higher)
Derivative	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimated cash flows are discounted using a risk-adjusted discount rate. The fair value estimate is subject to credit risk adjustment that reflects the credit risk of the Group and of the counter party.	Expected cash flows (QR 1,258 to QR 6,147) Risk adjusted discount rate (30 June 2019: 10.2%, 31 December 2018: 10.2%)	The estimated fair value would increase (decrease) if: – Expected cash flows were higher (lower); or – Risk adjusted discount rate were lower (higher)
Investment property – Vacant land and residential / commercial properties in UK	<i>Market comparison technique:</i> The fair values are calculated as derived from the current market prices available for the properties or nearby / adjacent properties adjusted for any differences with the comparable properties etc.	Not Applicable	Not Applicable
Investment property – completed properties and projects under development	<i>Discounted cash flows:</i> The valuation model considers the present value of expected cash flows generated from investment property discounted using weighted average cost of the capital of the Group.	<u><i>Expected cash flows:</i></u> (30 June 2019: Not Applicable, 31 December 2018: from positive cash flows of QR 1,375,715 to positive cash flows of QR 2,401,337 from year 2019 to 2023 and a terminal value of QR 33,241,813) <u><i>Weighted average cost of capital:</i></u> (30 June 2019: Not Applicable, 31 December 2018: 8.14%) <u><i>Terminal growth rate:</i></u> (30 June 2019: Not Applicable, 31 December 2018: 3%)	The estimated fair value would increase (decrease) if: – Expected cash flows were higher (lower); or – Weighted average cost of capital were lower (higher)
		The Group has not valued its investment property at 30 June 2019.	

20 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary in order to conform to the current period presentation in the condensed consolidated interim financial statements. Such reclassification do not affect previously reported net profit or net assets of the Group.

21 SUBSEQUENT EVENTS

The share split of the Group from QR 10 to QR 1 was implemented on Qatar Stock Exchange on 2 July 2019 and the total number of shares were increased from 2,652,496 to 26,524,967 ordinary shares.

Independent auditor's report on review of condensed consolidated interim financial statements on page 1.