AL QUDRA HOLDING

ANNUAL REPORT 2020

H.H. Sheikh Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates

H.H. Sheikh Mohammed Bin Zayed Al Nahyan

Crown Prince of Abu Dhabi

Deputy Supreme Commander of the UAE Armed Forces

Chairman of the Executive Council

H.H. Sheikh Mohammed Bin Rashid Al Maktoum

Vice President and Prime Minister of the UAE

and Ruler of Dubai

Al Qudra Holding PJSC
and its subsidiaries

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Board of Directors' Report

BOARD OF DIRECTORS' REPORT
For the year ended 31st December, 2020

It is impossible to present the year in review for 2020 without mentioning Covid-19. The pandemic has somehow reshaped most aspects of our Economy, but the fundamental drivers of our business continued to perform well. In times of crisis, good companies keep building for their future in a prudent and disciplined manner capitalizing on opportunities. In Al Qudra Holding, we are fortunate that the actions taken by the Board over the past few years, have positioned our company well to handle such challenging times.

People are our greatest assets and we have not taken lightly their safety. Hence, we have put in place multiple controls to minimize the risk of exposure to Covid-19 in their workplace in line with the best practice.

Our long term strategy is to diversify our sustainable resources out of predominantly property development business to a more balanced investment company with Real Estate and non-Real Estate investment portfolio. Such a strategic business structure will continuously deliver stable recurring income and business growth that will underpin the company net worth value in the future.

For the year ended 31st December, 2020, we managed to deliver another strong financial result. Al Qudra Holding reported a consolidated net profit of AED 182 million representing 19 fils per share with a consolidated net equity attributable to the shareholders of AED 2.4 billion.

In line with our strategy, we acquired Al Rayan Investment PJSC in 2017, a company focusing on staff and labour accommodation. Soon after completing the construction of Moon Flower City, a subsidiary of Al Rayan, we managed to conclude a 12 years long-term lease agreement with a Governmental entity for the entire residential area for a net annual rental income of AED 156.4 million that secured fundamental financial base.

Our other blue collar accommodation Construction Workers Residential City continued to perform in line with the market and adapting its operations accordingly.

The AED 950 million iconic tourist development Traditional Souq is about 90% complete and is on target to receive tenants by mid-2021. Despite the constrains of the pandemic during the year, our Kasr Al Bahr five star hotel that will be operated by Four Seasons, is also on schedule and will be completed by 2021. The future operations of these two projects will further enhance the group underlining cash inflow.

BOARD OF DIRECTORS' REPORT
For the year ended 31st December, 2020 (continued)

Holiday Inn Abu Dhabi and the Smart Hotel in Rabat were achieving about 84% occupancy in 2020. The second Smart Hotel is under construction and will be ready for operations in late 2021.

On the other hand, for the master plan developments sector, we have successfully completed the Concept Master Plan of West Baniyas 1,500 villas and civic amenities. We anticipate concluding the contractual development formalities in 2021.

The infrastructure works for Barary Ain Al Fayda 3,000 plots project, is progressing and shall be delivered by zones.

As part of other operational activities, Al Qudra is developing a hospital project in South Sudan for Abu Dhabi Fund for Development.

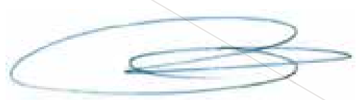
A special thanks to my fellow board of directors who greatly contributed to the company progress that we were able to deliver during this most unusual year.

I also wish to extend my sincere thanks to our management team, for they have well driven and implemented our strategy, steering Al Qudra in one of the most turbulent times in living memory. Most importantly, we have responded comprehensively to the challenges that Covid-19 has thrown at us, we have continued to lay down the strategic foundations that uniquely position Al Qudra.

To all our shareholders I express my gratitude for your continued support to Al Qudra and look forward to making further progress in the year ahead.

Release

The directors proposed to discharge the Chairman and members of the Board of Directors, management and the external auditors from liabilities related to the performance of their duties for the year ended 31st December 2020.



Mohamed Thaaloob Alderei
Chairman

Executive Summary

EXECUTIVE SUMMARY
For the year ended 31st December, 2020

The year 2020 has been an extraordinary year that affected our ways of doing business but also created new opportunities.

I am pleased to report that we made substantial progress against each of the pillars of our strategy despite the challenges of the year as our team worked hard to fulfil the purpose of delivering good returns to our shareholders in one of history's period of great volatility.

Our business recorded a consolidated income of AED 641 million reporting a growth of 13% compared to the previous year, leading to a consolidated profit of AED 182 million, of which AED 153 million is attributed to the owners of the parent company. Our shareholders equity grew from AED 2,363 million to AED 2,381 million while our reserves reached AED 1,572 million. Our financial results reflect a steady growth in our business performance and our earning per share closed at 19 Fils for the year 2020.

We implemented a range of measures in the second half of the year to strengthen our financial position, including renegotiating better terms and conditions with our bankers for greater flexibility and capacity to continue the delivery of our project development and further reshape stronger business foundation.

Our business units performed well while our projects are on schedule. We expect to receive the tenants of the Traditional Souq in the second half of the year 2021. To date, our new subsidiary Q-Malls, that will be managing the Traditional Souq and other future malls for Al Qudra Holding, has received tremendous interest in taking up of retail space and we are confident that the project will be mostly leased out by the opening date. I am pleased to see the progress and look forward to seeing the trading commencement day.

Master project development is an important pillar of our business and I am pleased to announce that we have successfully completed our concept master plan for the West Baniyas project and look forward to its development in the coming years.

EXECUTIVE SUMMARY
For the year ended 31st December, 2020 (continued)

This year's main profit contributor came from our mass accommodation sector. In March 2020, Moon Flower Complex secured a 12 years AED 156.4 million per annum net lease with a Governmental Entity while our Construction workers residential city continued to do well and in line with the market challenges.

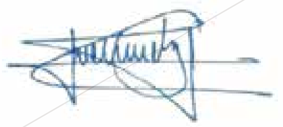
Our hospitality sector is also doing well within its competitive set. Holiday Inn Abu Dhabi achieved an average occupancy rate of 84% during the height of the pandemic due to provision of accommodation to medical officers and staff. Second Smart hotel in Rabat Morocco is near completion and will commence operation in 2022; while our signature 5 star hotel Kasr Al Bahr construction is on schedule and will commence business in 2022.

Our subsidiaries such as Q Scape, Ain Al Fayda Real Estate and Al Qudra Facility Management delivered positive results and contributed to the group overall profitability.

As we were streamlining the business structure, we changed and upgraded our information technology system to align it with the need of our business model.

While the duration of the impact of the pandemic is uncertain, Al Qudra entered 2021 in a strong financial position. Business resilience and adaptability are critical to navigate the uncertainty the world still faces. We have a tremendous team and an outstanding pipeline of projects and are well placed to drive high earnings growth and pursue new opportunities as we emerge from the current economic challenges.

On behalf of the Al Qudra, I wish to thank our Board of directors for their guidance and support, our employees, financiers and business partners for supporting the company throughout the year.



Michel Y. Nassour
Chief Executive Officer

Independent Auditor's
Report to the Shareholders

Independent auditor's report to the shareholders of Al Qudra Holding PJSC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Qudra Holding PJSC ("the Company") and its subsidiaries (together "the Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Independent auditor's report to the shareholders of Al Qudra Holding PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Emphasis of matter

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

Our opinion is not modified in respect of this matter.

Our audit approach

Overview

Key audit matters	• Valuation of and change in use of investment properties • Estidama claim - assessment of receivable and sub-contractor liability

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholders of Al Qudra Holding PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of and change in use of investment properties a) Valuation of investment properties In the consolidated statement of financial position the Group's investment properties are carried at AED 4.9 billion as at 31 December 2020 (2019: AED 4.6 billion) which represents 64.38% of the total assets. During the year, the Group recognised a net fair value gain of AED 106.4 million relating to the revaluation of these investment properties. The Group's policy is to fair value its investment properties on an annual basis. Any resulting gains or losses are recognised in the consolidated statement of profit or loss. The valuations of investment properties at 31 December 2020 were carried out by independent third party valuers ("the Valuers") with appropriate experience of the particular markets in which the properties are held. In determining a property's value, the valuers take into consideration property-specific information such as market capitalisation, rental income and data relating to comparable properties. They also apply assumptions for expected yields and estimated market rents, which are influenced by prevailing market yields and comparable market transactions, to arrive at the fair value.	We performed the following audit procedures to assess the valuation of investment properties: ➢ Obtained and reviewed the valuation reports prepared by the valuers. ➢ We assessed the Valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their independence or objectivity or may have imposed scope limitations upon their work. ➢ We tested, on a sample basis, the accuracy of the property related information provided to the Valuers by management, and on which the valuations were based. ➢ We involved our own internal valuation specialists for a sample of key investment properties to assess if the valuation methods, principles and approach used were in compliance with the Royal Institute of Chartered Surveyors ('RICS') Valuation - Professional Standards, and suitable for use in determining the values for the purpose of the consolidated financial statements. (The review performed by our internal valuation specialists did not constitute an independent assessment of market value). ➢ We evaluated the appropriateness and adequacy of the related disclosures in the notes to the consolidated financial statements.

Independent auditor's report to the shareholders of Al Qudra Holding PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of and change in use of investment properties (continued) b) Change in use of investment properties During the year, the Group reclassified two of its land portions from inventories to investment properties. Management changed its intention and initiated actions towards the use of these properties to yield future rentals. The Group recognised a net fair value gain of AED 100.6 million on these investment properties (included under total gain of AED 106.4 million). We considered these to be key matters in our audit because the valuations of the investment properties and the change in use of properties from inventories to investment properties are inherently subjective, due to the significance of the estimates and/or judgements involved. Refer to Note 3.5 which explains the accounting policy and 'criteria for change in use of the property' and Note 7 which explains the 'valuation methodology', used by the Group and Note 5.1 (b) and 5.2 (b) which explains the critical judgements and estimates used in valuing these investment properties.	➢ We performed the following audit procedures to assess management's change in use of the properties: – obtained the board resolution for the approval of management's change in intention for these plots of land; – reviewed the executed lease agreements for portion of the land leased out; and – reviewed correspondence related to 'construction tendering process' or 'construction in process' in regards to these plots of land. ➢ We reviewed and evaluated the appropriateness and adequacy of the related disclosures in the notes to the consolidated financial statements.

Key audit matter	How our audit addressed the Key audit matter
Estidama claim - assessment of receivable and sub-contractor liability During the year 2018, the Group recorded revenue of AED 386.6 million related to additional scope of work on a contract. Correspondingly, in the same year, the Group also recorded contract cost claimed by the sub-contractor amounting to AED 389.5 million.	We performed the following audit procedures over the assessment of receivable and sub-contractor liability: ➢ We had reviewed the contract signed between the Group and the customer and evaluated the Group's right to Estidama claim for the additional scope of work or variation. ➢ In regard to the customer claim, we had obtained and assessed the valuation report carried out by an independent external valuer (Valuer) to assess the amount of claim submitted to the customer.

Independent auditor's report to the shareholders of Al Qudra Holding PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Estidama claim - assessment of receivable and sub-contractor liability (continued)	
During the year 2019, the Group continued their discussions with the customer and the sub-contractor and in light of the latest developments in the negotiations, recorded an impairment charge of AED 133.5 million against the receivable and a corresponding reduction in the liability of AED 213.9 million, thus carrying the receivable and liability at AED 253.1 million and AED 175.6 million, respectively. During the year ended 31 December 2020, the Group received a final offer from the customer to settle this claim for AED 205.6 million. This offer is accepted by the Group. Considering this advancement in the process, the Group renegotiated its cost claim with the sub-contractor and rewarded an estimated liability of AED 139.8 million. Consequently, management recorded an impairment charge of AED 47.5 million and other income of AED 35.8 million. This key audit matter is considered significant as the determination of future realisation of the receivable and settlement of the liability requires use of significant judgment and estimates, and therefore is inherently subjective. Refer to Note 3.11 which explains the accounting policy and Note 10 which explains details around the matter.	➢ We reviewed the supplier's claim submitted to the Group and other correspondence between the Group and the supplier to assess the amount of total costs of the claim. ➢ We reviewed the revised settlement agreement signed between the Group and the sub-contractor and the subsequent correspondence. We recalculated the Group's revised liability and the resulting gain. ➢ We reviewed the final settlement offer received from the customer and recalculated the impairment charge. ➢ We assessed the adequacy of the disclosures in the consolidated financial statements in relation to this matter.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' report and Executive Summary (but does not include the consolidated financial statements and our auditor's report thereon), which we have obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

Independent auditor's report to the shareholders of Al Qudra Holding PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the 'Board of Directors' report' and 'Executive Summary' is consistent with the books of account of the Group;

(v) as disclosed in Note 9 to the consolidated financial statements, the Group has not purchased or invested in any shares during the year ended 31 December 2020;

(vi) Note 11 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2020; and

(viii) Note 1 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2020.

PricewaterhouseCoopers
12 March 2021

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

Consolidated Statement of Financial Position

Al Qudra Holding PJSC and its subsidiaries

Consolidated statement of financial position

	Note	As at 31 December 2020 AED'000	2019 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	830,045	790,823
Investment properties	7	4,860,297	4,603,414
Right-of-use assets	15	95,518	80,381
Investment in associates	8	41,248	39,817
Investment in joint ventures	8	6,799	5,219
Financial assets at fair value through other comprehensive income	9	431,721	434,769
Trade and other receivables	10	16,500	22,869
Due from related parties	11	-	5,263
		6,282,128	5,982,555
Current assets			
Inventories		1,039	2,563
Development work in progress	12	487,498	487,435
Trade and other receivables	10	608,218	719,977
Due from related parties	11	128,347	144,401
Cash and bank balances	13	41,723	30,889
		1,266,825	1,385,265
Total assets		7,548,953	7,367,820
EQUITY AND LIABILITIES			
EQUITY			
Share capital		808,984	808,984
Legal reserve	14	291,593	276,851
Merger reserve		336,465	336,465
Other reserves	16	242,399	241,922
Cumulative changes in fair value		57,190	60,238
Retained earnings		644,435	638,610
Equity attributable to Owners of the Parent		2,381,066	2,363,070
Non-controlling interests	19	990,058	186,621
Total equity		3,371,124	2,549,691

The notes from 1 to 30 form an integral part of these consolidated financial statements

Al Qudra Holding PJSC and its subsidiaries

Consolidated statement of financial position (continued)

	Note	As at 31 December 2020 AED'000	2019 AED'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	17	19,326	391,856
Borrowings	18	1,534,443	2,025,570
Lease liabilities	15	92,266	79,072
Provision for employees' end of service benefits		10,017	5,706
		1,656,052	2,502,204
Current liabilities			
Trade and other payables	17	1,563,917	1,901,928
Borrowings	18	877,062	344,314
Lease liabilities	15	22,494	10,735
Due to related parties	11	58,304	58,948
		2,521,777	2,315,925
Total liabilities		4,177,829	4,818,129
Total equity and liabilities		7,548,953	7,367,820

The consolidated financial statements were authorised for issue by the board of directors on 11 March 2021 and signed on its behalf by:

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for the year ended 31 December 2020.

Chairman

Director

The notes from 1 to 30 form an integral part of these consolidated financial statements

Consolidated Statement of Profit or Loss

Al Qudra Holding PJSC and its subsidiaries

Consolidated statement of profit or loss

	Note	Year ended 31 December 2020 AED'000	Year ended 31 December 2019 AED'000
Revenue from contracts with customers	20	181,021	119,524
Rental income		249,071	122,114
Dividend income from financial assets at fair value through other comprehensive income		45,992	47,068
Net gain from change in fair value of investment properties	7	106,419	62,350
Other income	21	58,848	216,022
		641,351	567,078
Expenses			
Contract costs		(95,861)	(58,174)
Net impairment loss on financial assets	24	(92,453)	(84,817)
Impairment loss on other assets	24	(1,432)	(43,299)
Staff costs	23	(69,111)	(72,136)
Utilities		(37,428)	(16,827)
Depreciation	6	(22,034)	(12,689)
Depreciation on right-of-use assets	15	(3,481)	(4,407)
Rentals		(7,688)	(2,116)
Marketing		(1,541)	(4,392)
Other expenses	22	(23,947)	(13,178)
		(354,976)	(312,035)
Operating profit		286,375	255,043
Finance costs	18	(110,441)	(67,459)
Share of profit on investment in associates, net	8	3,990	13,751
Share of profit on investment in joint ventures, net	8	1,580	1,559
Profit for the year		181,504	202,894
Profit attributable to:			
Owners of the Parent		153,273	180,965
Non-controlling interests		28,231	21,929
		181,504	202,894
Basic and diluted earnings per share (AED)	25	0.189	0.224

The notes from 1 to 30 form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

Al Qudra Holding PJSC and its subsidiaries

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2020 AED'000	2019 AED'000
Profit for the year		181,504	202,894
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets through other comprehensive income	9	(3,048)	(54,288)
Transfer on disposal of financial assets at fair value through other comprehensive income to retained earnings	9	-	(2,692)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		477	27
Other comprehensive loss for the year		(2,571)	(56,953)
Total comprehensive income for the year		178,933	145,941
Total comprehensive income attributable to:			
Owners of the Parent		150,702	124,012
Non-controlling interests	19	28,231	21,929
		178,933	145,941

The notes from 1 to 30 form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

Al Qudra Holding PJSC and its subsidiaries

Consolidated statement of changes in equity

	Attributable to Owners of the Parent								
	Share capital AED '000	Legal reserve AED '000	Merger reserve AED '000	Other reserves AED '000	Cumulative changes in fair value AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
At 1 January 2020	808,984	276,851	336,465	241,922	60,238	638,610	2,363,070	186,621	2,549,691
Profit for the year	-	-	-	-	-	153,273	153,273	28,231	181,504
Other comprehensive loss for the year	-	-	-	477	(3,048)	-	(2,571)	-	(2,571)
Transactions with owners in their capacity as owners (Note 1)	-	-	-	-	-	(132,706)	(132,706)	775,206	642,500
Transfer to legal reserve	-	14,742	-	-	-	(14,742)	-	-	-
At 31 December 2020	808,984	291,593	336,465	242,399	57,190	644,435	2,381,066	990,058	3,371,124
At 1 January 2019	808,984	273,202	336,465	241,895	114,526	520,814	2,295,886	164,692	2,460,578
Profit for the year	-	-	-	-	-	180,965	180,965	21,929	202,894
Other comprehensive loss for the year	-	-	-	27	(54,288)	(2,692)	(56,953)	-	(56,953)
Dividends declared (Note 28)	-	-	-	-	-	(56,828)	(56,828)	-	(56,828)
Transfer to legal reserve	-	3,649	-	-	-	(3,649)	-	-	-
At 31 December 2019	808,984	276,851	336,465	241,922	60,238	638,610	2,363,070	186,621	2,549,691

The notes from 1 to 30 form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

Consolidated statement of cash flows

	Note	Year ended 31 December 2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the year		181,504	202,894
Adjustments for:			
Dividend income	9	(45,992)	(47,068)
Finance cost		110,441	67,457
Charge for employees' end of service benefits		4,476	1,907
Depreciation of property, plant and equipment	6	22,034	12,689
Depreciation of right-of-use assets	15	3,481	4,407
Impairment charges on property, plant and equipment	6	-	8,161
Impairment loss on development work in progress	12	-	6,438
Impairment charges on investments properties	7	-	28,700
Impairment losses on inventories		1,432	-
Net impairment losses on financial assets	24	93,846	86,154
Reversal of impairment losses on due from related party balances	11	(1,393)	(1,337)
Share of (loss)/profit on investment in joint ventures, net		(1,580)	983
Share of profit on investment in associates, net		(3,990)	(13,751)
Change in fair value of investment properties, net	7	(106,419)	(62,350)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		257,840	295,284
Changes in working capital:			
Inventories		92	(67)
Development work in progress		(63)	1,055
Trade and other receivables		32,527	116,581
Due from related parties		22,710	(127,669)
Due to related parties		(644)	(1,719)
Trade and other payables		(82,893)	155,289
Employees' end of service benefit paid		(165)	(10,417)
Net cash flows generated from operating activities		229,404	428,337

The notes from 1 to 30 form an integral part of these consolidated financial statements

Consolidated statement of cash flows (continued)

	Note	Year ended 31 December 2020 AED'000	2019 AED'000
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(61,421)	(474,733)
Purchase of investment properties	7(i)	(142,981)	(816,253)
Dividends received		48,551	52,182
Investment made in an associate		-	(45)
Proceeds from redemption of financial assets at fair value through other comprehensive income	9	-	8,007
Margin/term deposits (placed)/released		(2,659)	17,350
Net cash flows used in investing activities		(158,510)	(1,213,492)
Cash flows from financing activities			
Proceeds from borrowings		43,000	986,212
Repayments of borrowings		(1,379)	(133,269)
Finance costs paid		(104,107)	(62,438)
Dividend paid		(131)	(10,866)
Net cash flows (used in)/generated from financing activities		(62,617)	779,639
Net increase/(decrease) in cash and cash equivalents		8,277	(5,516)
Net foreign exchange differences		(102)	446
Cash and cash equivalents at 1 January	13	18,524	23,594
Cash and cash equivalents at 31 December	13	26,699	18,524

The notes from 1 to 30 form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

Notes to the consolidated financial statements
for the year ended 31 December 2020

1 General information

Al Qudra Holding PJSC (the "Company" or the "Parent") is a private joint stock company incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE). The Company's shares are listed on Abu Dhabi Stock Exchange market. The Company is registered under commercial license No. CN-1002912. The registered office of the Company is located at Abu Dhabi Island, Al Salam Street, Block 48-C35, Al Qudra Holding Building, Abu Dhabi, P.O. Box 48111, U.A.E. The Company and its subsidiaries together are referred to as ("the Group").

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

The Group has made social contributions of AED 54 thousand (2019: AED 3,325 thousand) during the year ended 31 December 2020.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

These consolidated financial statements include the following direct and indirect subsidiaries:

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		2020	2019	
Al Qudra Real Estate LLC	UAE	100%	100%	Real estate management.
Al Qudra Holding – Syria	Syria	100%	100%	General investment.
Al Qudra Real Estate	Syria	100%	100%	Real estate management.
Al Qudra Trading LLC	UAE	100%	100%	Commercial project investment.
Dana Hospitality LLC	UAE	100%	100%	Hotel management.
Ain Al Fayda Real Estate LLC	UAE	100%	100%	Real estate management.
Q Scape LLC	UAE	51%	51%	Building maintenance and landscaping.
Buhyarat Ain Al Fayda Real Estate LLC	UAE	100%	100%	Real estate management.
Manarah Bay Real Estate	UAE	100%	100%	Real estate management.
Q International Limited	UAE	100%	100%	General investment.
Al Qudra Services LLC	UAE	100%	100%	Environmental plants maintenance.
Al Qudra and Ravago Investment LLC	UAE	100%	100%	General investment.

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		2020	2019	
Al Qudra General Trading Establish	UAE	100%	100%	Commercial project investment.
Al Qudra Facilities Management Services LLC	UAE	100%	100%	Cleaning and general maintenance for buildings and establishments management services.
Danat Facility Management LLC	UAE	100%	100%	Facilities management services.
Holiday Inn	UAE	100%	100%	Hotel management service.
Al Qudra for Agricultural and Development Company	UAE	100%	100%	Agriculture development.
Envo Scape LLC	UAE	100%	100%	Irrigation network contracting and constructing and maintaining parks and landscape design and planning activities.
Q General Investments Ltd	British Virgin Islands	100%	100%	General investment.
Al Qudra New Line Oil & Gas LLC*	UAE	50%	50%	Oil and gas and maintenance services.
Q Energy LLC	UAE	60%	60%	Oil and gas equipment installation and maintenance services.
Al Qudra Education LLC	UAE	100%	100%	Education services.
Al Qudra Holding - Algeria	Algeria	100%	100%	General investment.
Al Qudra Holding – International LLC	UAE	100%	100%	Industrial enterprise and financial management.
Emirates Simulation Academy LLC	UAE	60%	60%	Construction, operation management and development of training centre.

1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		2020	2019	
Q For Commercial Markets Management	UAE	60%	60%	Setup, ownership and development of commercial market, parks and entertainment facilities.
Q Link Transport	UAE	85%	85%	Transportation.
Q Car Park LLC *	UAE	50%	50%	Developing, operating, renting and equipping of car parking.
Q Active for Technologies LLC	UAE	51%	51%	Telecommunication system installation and maintenance.
ABNIA for Industrial Holding LLC *	UAE	50%	50%	Activities of cement, glass, iron, wood and electro mechanical industries.
Al Qudra Belarus Ltd.	Belarus	100%	100%	General investment.
Al Qudra Holding - Yemen	Yemen	100%	100%	General investment.
Al Qudra Holding Industrial LLC	UAE	100%	100%	Consultancy in alternative power and industrial projects.
Q Parks Establishment	UAE	100%	100%	Touristic resort management and entertainment investment.
Al Qudra Health Care LLC	UAE	100%	100%	Health care and hospitality.
QP International LLC	UAE	60%	60%	Project management.
Al Rayan Investment PJSC	UAE	99.97%	99.97%	Develop, manage and invest in real estate enterprises.
Construction Workers Residential City LLC	UAE	65%	65%	Real estate investment.
Moon Flower Real Estate Development LLC	UAE	100%	100%	Real estate investment.
Green Precast Systems Technology LLC	UAE	100%	100%	General contracting.
Earth Care Agricultural Products LLC	UAE	100%	100%	Agriculture business.
Apex Residential LLC	UAE	100%	100%	Real estate investment.

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		2020	2019	
Al Rayan Global Real Estate LLC	UAE	100%	100%	Real estate investment.
Q Construction LLC	UAE	100%	100%	General contracting.
Radiant & Moonflower Real Estate Development LLC	UAE	65%	100%	Real estate investment.
Al Qudra Holding - Morocco	Morocco	100%	100%	General investment.
Smart Hotel Management	Morocco	100%	100%	Hotel management.
Smart Hotel Properties	Morocco	100%	100%	Hotel management.
Kasr Al Bahr	Morocco	100%	100%	Hospitality.
Atlantic Coast Hospitality	Morocco	100%	100%	General investment.
Al Qudra Holding Offshore	Morocco	100%	100%	Holding company.
Al Qudra Investment RSC Ltd.	UAE	100%	100%	Real estate investment.

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

During the year ended 31 December 2020, the Company has entered into a share sale agreement whereby, the Company sold its 35% shareholding in Radiant & Moonflower Real Estate Development LLC for a price of AED 675,000 thousand (fair value of consideration amounted to AED 642,500 thousand). At the date of transaction, the net book value of the Company (35%) amounted to AED 775,206 thousand. The difference of AED 132,706 thousand between the fair value of the sale consideration and net book value has been recognised in the consolidated statement of change in equity.

2 Going concern

During the year ended 31 December 2020, the Group recognised profit for the year of AED 181,504 thousand (2019: AED 202,894 thousand) and as at 31 December 2020 had retained earnings of AED 644,435 thousand (2019: AED 638,610 thousand) and net assets of AED 3,371,124 thousand (2019: AED 2,549,691 thousand). However, the Group carried net current liabilities of AED 1,254,952 thousand (2019: AED 930,660 thousand) at the reporting date.

2 Going concern (continued)

The Board of Directors projected the expected future net cash inflows from operations which the existing assets will be generating from current and future projects. In the assessment, the Board has considered the start of operations of new projects, a potential/major construction contract, upcoming loan restructuring and settlement of a significant outstanding claim with one of the customers. Such projects are expected to generate additional net cash inflows for the Group.

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

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee (IFRSIC) interpretations applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through other comprehensive income that have been measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(a) Application of new and revised international financial reporting standards (IFRS)

The following standards and amendments have been applied by the Group for the first time for the financial year beginning on 1 January 2020:

- *Definition of Material – amendments to IAS 1 and IAS 8*
- *Definition of a Business – amendments to IFRS 3*
- *Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7*
- *Revised Conceptual Framework for Financial Reporting*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The impact of these standards and amendments are currently being assessed by management.

3.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all the relevant facts and circumstances in assessing whether it has power over an investee, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

3 Summary of significant accounting policies (continued)

3.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the investee acquired in the case of a bargain purchase, the difference is recognised directly within consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated statement of profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial liability.

Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Business combinations arising from transfers of interests in entities that are under the control of the owners of the Group are accounted using predecessor accounting. The assets and liabilities acquired are recognised at the carrying amounts on the date of acquisition and no adjustments are made to reflect the fair values. Any difference between the consideration given for the acquisition and carrying value of assets and liabilities acquired is recognised directly in equity. No goodwill is recognised as a result of the combination.

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.2 Basis of consolidation (continued)

(b) Loss of control

If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained, with the change in the carrying amount recognised in consolidated statement of profit or loss;
- Recognises any surplus or deficit in consolidated statement of profit or loss; and
- Reclassifies the Parent's share of components previously recognised in other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate.

(c) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.

(e) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the consolidated statement of profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of profit or loss where appropriate.

3 Summary of significant accounting policies (continued)

3.2 Basis of consolidation (continued)

(e) Associates (continued)

The Group's share of post-acquisition consolidated statement of profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount within impairment losses in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognises only retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

The financial statement of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the respective entity operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's presentation currency.

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.3 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Translation differences on non-monetary assets and liabilities such are recognised in consolidated statement of profit or loss. Translation differences on non-monetary financial assets, such as equities classified at fair value through other comprehensive income, are included in other consolidated statement of profit or loss.

(c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). The Group is using monthly average exchange rates due to the increased volatility in exchange rates; and

(iii) all resulting exchange differences are recognised in the statement of comprehensive income.

3.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the consolidated statement of profit or loss during the financial period in which they are incurred.

3 Summary of significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated on the straight-line method, at rates calculated to allocate the cost of assets less their estimated residual value over their expected useful lives as follows:

Type of assets	Years
Buildings	40 years
Machinery and equipment	3 to 4 years
Vehicles	3 to 4 years
Office and computer equipment	4 to 5 years
Furniture and fixtures	4 to 5 years
Leasehold improvements	lower of lease term or 4 years
Other assets	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Capital work in progress

Assets in the course of construction or under inspection pending certification for their intended use, are carried at cost as capital work in progress, and transferred to property and equipment or investment properties, depending on the intention of the management, when available for use. All costs directly attributable to bringing the asset to the location and condition necessary for it to be used in the manner intended by management, are included in the cost of the asset. No depreciation is charged on such assets until available for use.

3.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

3 Summary of significant accounting policies (continued)

3.5 Investment properties (continued)

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value only if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the consolidated statement of profit or loss. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.5 Investment properties (continued)

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the consolidated statement of profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the consolidated statement of profit or loss.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use, similarly where an inventory undergoes a change in use, such as inception of an operating lease to another party with a view to earn rental yield or capital appreciation, the item of inventories is transferred to investment properties. The property is fair valued at the date of transfer and any difference between the fair value and the previous carrying amount at the date of transfer is recognised in the consolidated statement of profit or loss.

3.6 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

3 Summary of significant accounting policies (continued)

3.6 Impairment of non-financial assets (continued)

Impairment losses are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

3.7 Financial instruments

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

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

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

(b) Recognition and derecognition

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

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through consolidated statement of profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

Financial assets (continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

i. Financial assets at amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of profit or loss. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

ii. Financial assets at fair value through other comprehensive income (FVOCI); are carried at fair value. After initial measurement, the Group present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

(d) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit loss for trade receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

(d) Impairment of financial assets (continued)

For all other financial assets, the Group recognises lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

Financial liabilities

(a) Classification and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include 'trade and other payables', 'due to related parties', 'borrowings' and 'lease liabilities'.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the invoiced cost, freight and other expenses incurred in bringing the inventories to their present condition and location. Inventories are valued using the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3 Summary of significant accounting policies (continued)

3.9 Development work in progress

Development work in progress consists of properties being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property as well as the cost of any land. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses.

3.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, current accounts and time deposits with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within bank borrowings in current liabilities.

3.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Any agreement with third party to reduce the liability is recorded as other income in the year in which it is accepted/approved.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Bank borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3 Summary of significant accounting policies (continued)

3.13 Bank borrowings (continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the consolidated statement of profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

3.15 Employees benefits

A provision is made for the estimated liability for employees' entitlements to annual leave and related benefits as a result of services rendered by the employees up to the reporting date. Provision is also made, for the end of service benefits due to employees in accordance with the Labour Laws applicable in the countries in which the Group operates, for their periods of service up to the reporting date. The provision relating to annual leave and leave passage is disclosed as a current liability and included in trade and other payables, while that relating to end of service benefits is disclosed as a non-current liability.

The defined benefit liability comprises the present value of the defined benefit obligations using a discount rate based on market yield rates. The Group has not allocated any assets to such plans.

Pension contributions are made in respect of UAE national employees to Abu Dhabi Retirement Pensions and Benefits Fund in accordance with the UAE Federal Law No. (2) of 2000. Such contributions are charged to the consolidated statement of profit or loss during the employees' period of service.

The Group's obligations are limited to those contributions, which are expensed when due.

3 Summary of significant accounting policies (continued)

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Contract revenue and revenue from sale of goods

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

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

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

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

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.16 Revenue recognition (continued)

(i) Contract revenue and revenue from sale of goods (continued)

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. Where the criteria is met to recognise revenue overtime, the Group measures progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

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

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

Contract modifications are defined as a change in the scope or price (or both) of a contract that is approved by the parties to the contract. If there is a modification to the construction contract, then the Group applies the following steps:

- The Group considers where the change is approved. A contract modification could be approved in writing, by oral agreement or implied by customary business practices. If the modification is not approved, then the parties continue to account for the existing contract under IFRS 15. If the parties to a contract have approved a change in the scope of the contract but have not yet determined the corresponding change in price, then the Group estimates the change in process;
- The Group considers whether a modification should be accounted for as a separate contract. Typically, claims and variations in a traditional construction contract context will not be accounted for as separate contracts. This is because such claims and variations do no add a distinct good or service to the contract, as additional goods or services tend to be highly inter-related with the original contract;
- If this is the case, and the construction contract qualifies for over time revenue recognition, the Group re-estimates both the contract price and the stage of completion of the contract This may require the Group to adjust the cumulative revenue recognised to date; and
- The Group continues to account for the contact by reference to the stage of completion as modified and the new contract price.

3 Summary of significant accounting policies (continued)

3.16 Revenue recognition (continued)

(i) Contract revenue and revenue from sale of goods (continued)

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

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

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

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

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

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

Revenue on sale of redeveloped units is recognised when control over the unit has been transferred to the customer, which is considered to be at a point in time, when the customer has taken possession of the unit.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. For arrangements that include deferred payment terms that exceed twelve months, the Group adjusts the transaction price for the financing component, with the impact recognized as interest income using the effective interest rate method over the period of the financing.

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.16 Revenue recognition (continued)

(i) Contract revenue and revenue from sale of goods (continued)

A receivable is recognised when services are provided 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.

When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

(ii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ("EIR") applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iii) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

(iv) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(v) Income from hotel operations

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

3.17 Contract costs

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the costs of the construction contracts and are included in general and administrative expenses. A loss is recognised in the consolidated statement of profit or loss when the expected contract costs exceed the total anticipated contract revenue.

3 Summary of significant accounting policies (continued)

3.18 Leases

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Summary of significant accounting policies (continued)

3.18 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise motor vehicles and small items of office furniture.

Variable lease payments

Variable lease payments that depend on sales or other conditions are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in lease contracts across the Group. The majority of extension and termination options held are exercisable only by the respective lessor and not by the Group.

3.19 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

3.20 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of the Group acts as the chief operating decision maker and assesses the consolidated financial performance and position of the Group and makes strategic decisions.

3 Summary of significant accounting policies (continued)

3.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to Owners of the Parent, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.23 Due from/due to customers on contracts

Costs incurred plus recognised profits (less recognised losses) in excess of contract billing to customers are recognised as a receivable on the consolidated statement of financial position.

Contract billing to customers in excess of costs incurred plus recognised profits (less recognised losses) are deferred as a liability on the consolidated statement of financial position and recognition would occur over the period in which future services are performed.

3.24 Interest income and expenses

Interest income and expense are recognised within finance income and finance costs in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3 Summary of significant accounting policies (continued)

3.25 Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at trade date, and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognised in the consolidated statement of profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.26 Hedge accounting

Derivatives designated as hedges are classified as either: (i) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; (ii) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or (iii) a hedge of net investment which are accounted similarly to a cash flow hedge. Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow, provided the criteria are met.

3 Summary of significant accounting policies (continued)

3.26 Hedge accounting (continued)

At the inception of a hedging relationship, to qualify for hedge accounting, the Group documents the relationship between the hedging instruments and the hedged items as well as its risk management objective and its strategy for undertaking the hedge. The Group also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's board of directors and senior management oversee the management of these risks. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market risk

During the year, there has been no change to the Group's manner in which it manages and measures the risk.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

Management considers that the Group is not exposed to a significant foreign currency risk. The following table illustrates the Group's assets and liabilities by currency.

	AED	USD	SYP	MAD	Others	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Assets						
31 December 2020						
Property, plant and equipment	398,808	-	124	431,113	-	830,045
Investment properties	4,767,560	-	92,737	-	-	4,860,297
Right-of-use assets	95,518	-	-	-	-	95,518
Investment in associates	41,248	-	-	-	-	41,248
Investment in joint ventures	6,213	-	-	586	-	6,799
Financial assets at fair value through other comprehensive income	431,721	-	-	-	-	431,721
Trade and other receivables	610,109	-	(5)	6,407	8,207	643,325
Due from related parties	127,275	-	1,072	-	-	128,347
Inventories	1,002	-	-	37	-	1,039
Development work in progress	487,355	-	-	-	143	487,498
Cash and bank balances	41,228	-	110	135	250	41,723
	7,008,037	-	94,038	438,278	8,600	7,548,953
Liabilities						
31 December 2020						
Trade and other payables	1,569,364	-	352	13,277	250	1,583,243
Lease liabilities	114,760	-	-	-	-	114,760
Provision for employees' end of service benefits	9,766	-	251	-	-	10,017
Borrowings	2,411,505	-	-	-	-	2,411,505
Due to related parties	58,304	-	-	-	-	58,304
	4,163,699	-	603	13,277	250	4,177,829
Net position	2,844,338	-	93,435	425,001	8,350	3,371,124

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) *Market risk* (continued)

(i) Foreign exchange risk (continued)

	AED AED'000	USD AED'000	SYP AED'000	MAD AED'000	Others AED'000	Total AED'000
Assets						
31 December 2019						
Property, plant and equipment	389,198	-	-	401,499	126	790,823
Investment properties	4,510,677	-	92,737	-	-	4,603,414
Right–of-use assets	80,381	-	-	-	-	80,381
Investment in associates	39,817	-	-	-	-	39,817
Investment in joint ventures	4,633	-	-	-	586	5,219
Financial assets at fair value through other comprehensive income	329,106	99,476	-	-	6,187	434,769
Trade and other receivables	735,478	-	175	6,197	996	742,846
Due from related parties	147,827	-	1,072	765	-	149,664
Inventories	2,526	-	-	-	37	2,563
Development work in progress	487,435	-	-	-	-	487,435
Cash and bank balances	26,295	-	3,367	704	523	30,889
	6,753,373	99,476	97,351	409,165	8,455	7,367,820
Liabilities						
31 December 2019						
Trade and other payables	2,253,822	-	316	38,491	1,155	2,293,784
Lease liabilities	89,807	-	-	-	-	89,807
Provision for employees' end of service benefits	5,706	-	-	-	-	5,706
Borrowings	2,369,884	-	-	-	-	2,369,884
Due to related parties	58,948	-	-	-	-	58,948
	4,778,167	-	316	38,491	1,155	4,818,129
Net position	1,975,206	99,476	97,035	370,674	7,300	2,549,691

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Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) *Market risk* (continued)

(ii) Cash flow and fair value interest rate risks

Interest rate risk arises on floating interest-bearing financial instruments (Note 18) recognised in the consolidated statement of financial position. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group manages these risks based on management's assessment on regular basis of available options.

Interest rate sensitivity analysis

For floating interest-bearing financial instruments (Note 18), the analysis is prepared assuming the amount of financial liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease/increase by AED 24,115 thousand (2019: AED 23,699 thousand).

(iii) Price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

The Group is not exposed to significant price risks as it does not have significant price sensitive assets and liabilities.

(b) *Credit risk*

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities including retention receivables, trade receivables, due from related parties and balances with banks.

(i) *Credit risk management*

For balances with banks, the Group deals with investment grade banks.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Credit risk management (continued)

For trade and other receivables, the Group is only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account past experience and other factors.

(ii) Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial due to the high credit for these banks.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been assessed on individual basis considering the history of defaults, recoveries and exposure at default. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The loss allowances for trade receivables and contract assets as at 31 December 2020 are illustrated in Note 10.

(iii) Write off

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

4.2 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business through the Group maintains adequate bank balances and credit facilities to fund its operations. Management monitors the forecast of the Group's liquidity position on the basis of expected cash flow.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

4 Financial risk management (continued)

4.2 Liquidity risk (continued)

	Less than one year AED'000	One to five years AED'000	More than five years AED'000	Total AED'000
As at 31 December 2020				
Financial liabilities				
Borrowings including interest	879,270	1,174,231	794,592	2,848,093
Trade and other payables (Note 27)	1,527,002	19,326	-	1,546,328
Lease liabilities	22,494	92,266	-	114,760
Due to related parties	58,304	-	-	58,304
	2,487,070	1,285,823	794,592	4,567,485
Financial assets held to manage liquidity risk				
Financial assets at fair value through other comprehensive income	431,721	-	-	431,721
Trade and other receivables (Note 27)	825,816	16,500	-	842,316
Due from related parties	128,347	-	-	128,347
Cash and bank balances	41,723	-	-	41,723
	1,427,607	16,500	-	1,444,107
Liquidity deficit	1,059,463	1,269,323	794,592	3,123,378
As at 31 December 2019				
Financial liabilities				
Borrowings including interest	355,351	2,000,360	568,431	2,924,142
Trade and other payables (Note 27)	1,860,511	391,856	-	2,252,367
Lease liabilities	10,735	22,040	57,032	89,807
Due to related parties	58,948	-	-	58,948
	2,285,545	2,414,256	625,463	5,325,264
Financial assets held to manage liquidity risk				
Financial assets at fair value through other comprehensive income	-	434,769	-	434,769
Trade and other receivables (Note 27)	520,114	22,869	-	542,983
Due from related parties	144,401	5,263	-	149,664
Cash and bank balances	30,889	-	-	30,889
	695,404	462,901	-	1,158,305
Liquidity deficit	1,590,141	1,951,355	625,463	4,166,959

4 Financial risk management (continued)

4.3 Fair value estimation

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

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 31 December 2020				
Investment properties	-	-	4,860,297	4,860,297
Financial assets at fair value through other comprehensive income	1,466	360,235	70,020	431,721
	1,466	360,235	4,930,317	5,292,018
At 31 December 2019				
Investment properties	-	-	4,603,414	4,603,414
Financial assets at fair value through other comprehensive income	1,529	362,248	70,992	434,769
	1,529	362,248	4,674,406	5,038,183

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

Financial assets measured at fair value through other comprehensive income

Unquoted shares

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

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

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

4.3 Fair value estimation (continued)

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

Unquoted shares (continued)

During the reporting period ended 31 December 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

The significant inputs to fair value investment properties are detailed in Note 7.

4.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio which is calculated as net debt divided by total 'equity' (as shown in the consolidated statement of financial position including non-controlling interests).

The gearing ratio of the Group at 31 December 2020 and 31 December 2019 were as follows:

	2020 AED'000	2019 AED'000
Bank borrowings	2,411,505	2,369,884
Lease liabilities	114,760	89,808
Less: cash and cash equivalents	(41,723)	(30,889)
Net debt	2,484,542	2,428,803
Total equity	3,371,124	2,549,691
Net debt to equity ratio	73.7%	95.3%

5 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

5 Critical accounting estimates and judgements (continued)

5.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determining lease terms

In determining the lease term relating to Construction Workers Residential City Camp, management has considered all facts and circumstances that create an economic incentive to exercise an extension option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The management has considered an extension option in Construction Workers Residential City Camp based on the latest discussions and communication with the lessor.

(b) Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property plant and equipment, inventory and/or land held for resale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and land held for resale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40.

During the year, the Group transferred two of its land portions from inventories to investment property. Management has applied judgement and concluded that the transfer meets the criteria as per IAS 40 for these plots of land to be transferred from inventories to investment properties. The Group has taken actions on these land portions, in addition to the change in intention for its use.

5 Critical accounting estimates and judgements (continued)

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the consolidated financial statements when they occur.

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises expected credit loss for trade receivables, due from related parties and cash and bank balances, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For all other financial assets, the Group recognises expected credit loss when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

(b) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. Valuation methodology based on a discounted cash flow model or income capitalisation method, etc. is used to assess the fair value of the investment properties, where there is lack of comparable market data because of the nature of the properties.

5 Critical accounting estimates and judgements (continued)

5.2 Estimates and assumptions (continued)

(b) Fair value of investment properties (continued)

The determined fair value of the investment properties is most sensitive to the discount rate used and long-term occupation rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 7.

(c) Valuation of unquoted equity investments carried at fair value through other comprehensive income

Valuation of unquoted equity investments carried at fair value through other comprehensive income is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models.

(d) Impairment of property, plant and equipment and capital work in progress

Properties classified under property, plant and equipment and capital work in progress are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss. Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discounting rates that reflects current market assessments of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

(e) COVID 19

The economic fallout of the COVID-19 crisis is significant in the region the Group operates and is still evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. However, due to the nature of the services, the Group provides, there is no direct impact of COVID-19 on the business. The Group is continuously monitoring the indirect impact of the COVID-19 pandemic on the business operations and its finances, particularly on the effect this may have on its rental property leases which may affect its revenue.

Business continuity planning

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

5 Critical accounting estimates and judgements (continued)

5.2 Estimates and assumptions (continued)

(e) COVID 19 (continued)

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the Expected Credit Loss (ECL) from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. The quantification of such increase in risk remains very difficult in the current uncertain environment. However, management has performed revised assessments and a total loss allowance of AED 92,453 thousand has been accounted for in these consolidated financial statements. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management

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

6 Property, plant and equipment

	Land and buildings	Machinery and equipment	Vehicles	Office and computer equipment	Furniture and fixtures	Leasehold improvements	Other assets	Capital work in progress	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Cost									
At 1 January 2019	275,634	53,608	2,822	87,517	23,315	5,534	23,155	159,004	630,589
Additions	-	32	-	250	46	-	256	474,149	474,733
Transfers	3,876	-	-	-	-	-	-	(3,876)	-
Net foreign currency exchange differences	(137)	-	(2)	(17)	(2)	-	(109)	-	(267)
At 31 December 2019	279,373	53,640	2,820	87,750	23,359	5,534	23,302	629,277	1,105,055
Additions	-	87	274	472	34,165	-	425	25,998	61,421
Transfers	4,171	38,000	-	-	-	-	-	(42,171)	-
Net foreign currency exchange differences	-	28	20	-	65	-	20	-	133
At 31 December 2020	283,544	91,755	3,114	88,222	57,589	5,534	23,747	613,104	1,166,609

6 Property, plant and equipment (continued)

	Land and buildings	Machinery and equipment	Vehicles	Office and computer equipment	Furniture and fixtures	Leasehold improvements	Other assets	Capital work in progress	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Accumulated depreciation									
At 1 Jan uary 2019	64,043	53,608	2,513	82,891	15,483	5,534	17,698	-	241,770
Charge for the year	6,255	32	158	2,231	3,014	-	999	-	12,689
Net foreign currency exchange differences	220	-	-	(5)	(1)	-	(62)	-	152
At 31 December 2019	70,518	53,640	2,671	85,117	18,496	5,534	18,635	-	254,611
Charge for the year	6,368	2,000	118	1,384	10,894	-	943	327	22,034
Net foreign currency exchange differences	-	-	22	7	105	-	164	-	298
At 31 December 2020	76,886	55,640	2,811	86,508	29,495	5,534	19,742	327	276,943
Impairment allowance									
At 1 January 2019	-	-	-	-	-	-	-	51,460	51,460
Impairment charges (Note 24)	-	-	-	-	-	-	-	8,161	8,161
At 31 December 2019	-	-	-	-	-	-	-	59,621	59,621
At 31 December 2020	-	-	-	-	-	-	-	59,948	59,948
Net book value									
At 31 December 2020	206,658	36,115	303	1,714	28,094	-	4,005	553,156	830,045
At 31 December 2019	208,855	-	149	2,633	4,863	-	4,667	569,656	790,823

6 Property, plant and equipment (continued)

i) During the year ended 31 December 2020, the Group capitalised borrowing costs on loans in capital work-in-progress in the amount of AED 6,281 thousand (2019: AED 4,602 thousand).

ii) Capital work in progress consist of following:

a) AED 150,147 thousand cost against construction of a hotel in Traditional Souk area (Note7).

b) AED 415,235 thousand cost against construction of a hotel (Kasr Al Bahr) in Morocco.

iii) Land and building valued at AED 203,900 thousand is mortgaged to a commercial bank against the loan facility with a carrying value of AED 148,309 thousand.

7 Investment properties

	Properties under development AED'000	Labour camps AED'000	Land AED'000	Buildings AED'000	Total AED'000
At 1 January 2019	2,128,774	806,000	738,237	80,500	3,753,511
Additions	816,253	-	-	-	816,253
Impairment*	-	-	-	(28,700)	(28,700)
Gain or loss on change in fair value	51,850	-	10,500	-	62,350
At 31 December 2019	2,996,877	806,000	748,737	51,800	4,603,414
Additions	142,981	-	-	-	142,981
Transfers	(2,150,065)	2,150,065	-	-	-
Other movements	-	-	7,483	-	7,483
Gain or (loss) on change in fair value**	28,262	(34,866)	115,363	(2,340)	106,419
At 31 December 2020	1,018,055	2,921,199	871,583	49,460	4,860,297

* During the year 2019, the Group received a notice from Al Ain Municipality to take back certain portion of land granted to the Group. Therefore, the Group has written down the value of investment property in its books by AED 28,700 thousand.

** During the year ended 31 December 2020, the Group transferred two of its land portions from inventories to investment property. The difference between the fair value and the carrying value of these plots of land amounting to AED 100,563 thousand is recognised as gain on change in fair value of investment properties in the consolidated statement of profit or loss.

The Group's investment properties were valued at 31 December 2020 and 31 December 2019 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have experience in the locations and segments of the investment properties valued.

Some investment properties in the amount of AED 4,763,801 thousand (2019: AED 4,776,770 thousand) are mortgaged against borrowings as disclosed in Note 18.

7 Investment properties (continued)

(i) Properties under development

	Labour/staff camp AED'000	Complex AED'000	Total AED'000
At 1 January 2020	2,163,000	833,877	2,996,877
Additions	135,867	7,114	142,981
Transfers	(2,150,065)	-	(2,150,065)
Gain on change in fair value	-	28,262	28,262
At 31 December 2020	148,802	869,253	1,018,055
At 1 January 2019	2,032,000	96,774	2,128,774
Additions	118,024	698,229	816,253
Gain on change in fair value	12,976	38,874	51,850
At 31 December 2019	2,163,000	833,877	2,996,877

Complex

During the year 2017, Abu Dhabi Municipality provided a plot of land to the Group, for a lease period of fifty years. The Group is in the process of constructing a new traditional souq (the Souq) and a hotel situated between Al Maqta'a bridge and Khaleej Al Arabi Street located at the gateway to Abu Dhabi. The Souq mainly comprises of commercial units and hubs which are expected to yield rental from its use.

The valuation has been based on the direct comparison and income capitalisation approaches, based upon a ten-year discounted cashflow modelled upon revenue streams generated by the property, less cost to complete. The property is expected to be completed during the year 2021. The estimated additional cost to complete as at 31 December 2020 amounted to AED 125,000 thousand (2019: AED 197,000 thousand).

During the year, the finance cost capitalised as part of the property under development amounted to AED 33,550 thousand (2019: AED 24,579 thousand).

Labour/staff camp

During the year 2012, Zones Corp provided a plot of land to Moon Flower Real Estate Development LLC ("Moon Flower"), a sub-subsidiary of the Group for a lease period of thirty years.

During the current year 2020, the Group completed majority of the construction of this camp facility and accordingly an amount of AED 2,150,065 thousand has been transferred from property under development to Labour Camps. The remaining amount of AED 148,802 thousand represents the costs incurred on the construction of a hospital on this camp facility. The estimated additional cost to complete that hospital as at 31 December 2020 amounted to AED 28,000 thousand (2019: AED 145,000 thousand).

7 Investment properties (continued)

(i) Properties under development (continued)

Labour/staff camp (continued)

In 2017, the Group had borrowed funds (Note 18 – Bank 1) specifically for the purpose of constructing this asset and the finance cost capitalised as part of the property under development amounted to Nil (2019: AED 24,579 thousand).

(ii) Labour camps

Construction Workers Residential City

The fair value of Construction Workers Residential City project which has been based on the discounted cashflow approach at a discount rate of 10%, amounted to AED 809,000 thousand (2019: AED 806,000 thousand), and has been determined based on a valuation performed by an external independent valuer. Lease revenue from this property recognised in the consolidated statement of profit or loss amounted to AED 100,876 thousand (2019: AED 110,140 thousand). The direct costs incurred and presented in the consolidated statement of profit or loss amounted to AED 11,189 thousand (2019: AED 26,824 thousand). During the year ended 31 December 2020, the lease of this land has been extended to 50 years by Zones Corp (lessor).

Moon Flower

The valuation of Moon Flower has been based on the discounted cash flow approach. The main assumption used in the valuation is a discount rate of 8%. The property has 5,998 labour accommodation rooms. Lease revenue from this property recognised in the consolidated statement of profit or loss amounted to AED 138,788 thousand (2019: AED 1,333 thousand). The direct costs incurred and presented in the consolidated statement of profit or loss amounted to AED 61,454 thousand (2019: AED 13,296 thousand).

(iii) Land

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

Plot	Location	2020 AED'000	2019 AED'000
Manarah Bay *(a)*	Abu Dhabi, UAE	306,000	268,000
Khalifa city A *(b)*	Abu Dhabi, UAE	158,000	168,000
Khalifa city B *(b)*	Abu Dhabi, UAE	146,500	157,500
Damascus Syria *(c)*	Syrian Arab Republic	92,737	92,737
Reem Island plot *(d)*	Abu Dhabi, UAE	45,500	45,500
Hydra Golf Walk *(d)*	Abu Dhabi, UAE	14,800	17,000
Al Ain Retail & Health Care Plots *(e)*	Al Ain, UAE	48,047	-
Shuwaib Farm - Al Hayer *(f)*	Al Ain, UAE	60,000	-
		871,584	748,737

7 Investment properties (continued)

(iii) Land (continued)

(a) Manarah Bay

The fair value of Manarah Bay has been determined by considering the direct comparison approach. As at 31 December 2020 the fair value as per the valuation report was AED 306,000 thousand (2019: AED 268,000 thousand).

(b) Khalifa city A and Khalifa city B

The Group owns two plots of land in Khalifa City A and Khalifa City B for which the Group intends to construct investment properties for rental income. The fair values of these plots were determined using direct comparison approach.

(c) Damascus Syria

The Group holds a plot of land in Syrian Arab Republic. The Group's intention is to develop this plot in the future. The plot has been valued by an independent valuer based in Lebanon who has valued the plot at AED 241,210 thousand (2019: AED 263,308 thousand). Management have however, reduced the carrying value fair value to AED 92,737 thousand (representing a 62% reduction from the external valuation) taking into consideration the downturn in the economy in Syria and the devaluation of its currency. Furthermore, management took into consideration the unstable political situation that exists there.

(d) Reem Island and Hydra Golf Walk

The Group owns two plots of land in Reem Island and Hydra Golf Walk, respectively, for which the Group intends to construct investment properties for rental income. The fair values of these plots were determined using the direct comparison approach.

(e) Al Ain Retail & Health Care Plots

The Group owns certain plots of land in Al Ain which were carried as inventories in the past. During the year ended 31 December 2020, the Group transferred these plots from inventories to investment property as it intends to construct properties on these for rental income. The fair values of these plots were determined using the direct comparison approach.

(f) Shuwaib Farm - Al Hayer

The Group owns a plot of agriculture land in Al Hayer, Al Ain, which was carried as inventory in the past. During the year ended 31 December 2020, the Group transferred this plot from inventory to investment property as it intends to construct these properties for rental income. The fair value of this plot was determined using the direct comparison approach.

7 Investment properties (continued)

(iv) Buildings

Plot	Location	2020 AED'000	2019 AED'000
Al Qudra building *(a)*	Abu Dhabi, UAE	48,460	50,800
Al Ghadeer Project - Villa	Abu Dhabi, UAE	1,000	1,000
		49,460	51,800

(a) Al Qudra building

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

Rental income has been recognised in the consolidated statement of profit or loss of AED 3,234 thousand (2019: AED 4,243 thousand). The direct and indirect costs incurred and recorded in the consolidated statement of profit or loss amounted to AED 1,596 thousand (2019: AED 1,791 thousand).

The estimated fair value would increase/(decrease) if:

- expected market rental growth were higher/(lower);
- the occupancy rates were higher/(lower);
- Yield rates are (higher)/lower; and
- discount rates were lower/(higher).

8 Investment in associates and joint ventures

a) Investment in associates

	2020 AED'000	2019 AED'000
Sawaeed Employment L.L.C. *(i)*	32,049	30,618
Barary Ain Al Fayda Real Estate L.L.C. *(ii)*	9,199	9,199
	41,248	39,817

8 Investment in associates and joint ventures (continued)

a) Investment in associates (continued)

The movement of investment in associates is as follows:

	As at 1 January AED'000	Additions/ (transfer) AED'000	Share in profit/(loss) AED'000	Dividends AED'000	As at 31 December AED'000
2020					
Sawaeed Employment L.L.C. *(i)*	30,618	-	3,990	(2,559)	32,049
Barary Ain Al Fayda Real Estate L.L.C. *(ii)*	9,199	-	-	-	9,199
	39,817	-	3,990	(2,559)	41,248
2019					
Sawaeed Employment L.L.C. *(i)*	31,135	-	4,597	(5,114)	30,618
Barary Ain Al Fayda Real Estate L.L.C. *(ii)*	-	45	9,154	-	9,199
	31,135	45	13,751	(5,114)	39,817

(i) Sawaeed Employment L.L.C. is treated as an associate even though the Group holds 10% of the equity of the investee since the Group exercises significant influence over the operations and decision-making function of the investee due to its membership on the board of directors.

(ii) During the year 2019, the Group invested in Barary Ain Al Fayda Real Estate L.L.C. The Group holds 30% of equity and the main activities of this company are to sell and develop the land in Al Ain for residential purpose and to provide community services. This investment is treated as an associate.

The summarised financial information of associates is as follows:

Sawaeed Employment L.L.C.

	2020 AED'000	2019 AED'000
Total assets	439,718	422,806
Total liabilities	93,644	59,710
Total revenue	277,975	224,938
Profit for the year	38,293	45,971

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

8 Investment in associates and joint ventures (continued)

a) Investment in associates (continued)

Barary Ain Al Fayda Real Estate L.L.C.

	2020 AED'000	2019 AED'000
Total assets	303,126	57,011
Total liabilities	143,444	26,507
Total revenue	-	32,747
(Loss)/profit for the year	(6,699)	30,504

b) Investment in joint ventures

Al Qudra Sports Management L.L.C.	5,703	4,123
Al Qudra ICSM	510	510
Al Qudra Addoha pour L'Investissement Immobilier	586	586
	6,799	5,219

The movement of investment in joint ventures is as follows:

	As at 1 Jan AED'000	Additions/ (transfer) AED'000	Share in profit AED'000	Share in translation reserves AED'000	As at 31 December AED'000
2020					
Al Qudra Sports Management L.L.C.	4,123	-	1,580	-	5,703
Al Qudra ICSM	510	-	-	-	510
Al Qudra Addoha pour L'Investissement Immobilier	586	-	-	-	586
	5,219	-	1,580	-	6,799
2019					
Al Qudra Sports Management L.L.C.	5,705	(3,141)	1,559	-	4,123
Al Qudra ICSM	-	510	-	-	510
Al Qudra Addoha pour L'Investissement Immobilier	497	-	-	89	586
	6,202	(2,631)	1,559	89	5,219

During the year 2020, the Group invested AED 100,000 in RR Facility Management L.L.C. The Group holds 50% of equity and the main activity of this entity is to provide facility management services. The Group does not have power to control this entity as per the articles of association, accordingly, this investment is treated as an associate. The entity is not operational at the reporting date.

9 Financial assets at fair value through other comprehensive income

	2020 AED'000	2019 AED'000
Quoted securities	1,466	1,529
Unquoted securities	430,255	433,240
	431,721	434,769

The movement in financial assets at fair value through other comprehensive income is as follows:

	2020 AED'000	2019 AED'000
At 1 January	434,769	499,756
Redemptions	-	(8,007)
Loss on redemptions	-	(2,692)
Change in fair value	(3,048)	(54,288)
At 31 December	431,721	434,769

The dividend income recognised in the consolidated statement of profit or loss amounted to AED 45,992 thousand (2019: AED 47,068 thousand).

Fair value of certain unquoted investments have been estimated on the basis of latest concluded sales of similar investments confirmed by market intermediaries or through internal valuations.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2020.

10 Trade and other receivables

	2020 AED'000	2019 AED'000
Trade receivables	686,966	624,908
Advances to contractors	91,940	108,206
Due from customers on contracts*	6,966	23,436
Retention receivables	38,450	65,904
Prepayments and other advances	23,595	91,657
Other receivables	91,327	57,660
	939,244	971,771
Impairment allowance	(314,526)	(228,925)
	624,718	742,846
Non-current	16,500	22,869
Current	608,218	719,977
	624,718	742,846

10 Trade and other receivables (continued)

	2020 AED'000	2019 AED'000
***Due from customers on contracts**		
Contract cost plus attributable profits less recognised losses on contracts in progress at the reporting date	4,259,966	4,243,360
Less: progress billings	(4,253,000)	(4,219,924)
	6,966	23,436

Impairment allowance movement

	2020	2019
At 1 January	228,925	142,771
Charge for the year (Note 24)	85,601	133,500
Reversal during the year	-	(47,346)
At 31 December	314,526	228,925

The ageing analysis of trade receivables is as follows:

	0 – 30 AED'000	31 - 90 AED'000	91-180 AED'000	More than 180 AED'000	Total AED'000
Expected loss rate	2%	6%	10%	47%	
Trade receivables	42,350	28,909	28,517	587,190	686,966
Provision for impairment	(893)	(1,873)	(2,712)	(276,660)	(282,138)
At 31 December 2020	41,457	27,036	25,805	310,530	404,828
Expected loss rate	1%	2%	18%	39%	
Trade receivables	51,423	52,044	27,766	493,675	624,908
Provision for impairment	(575)	(1,276)	(5,019)	(194,559)	(201,429)
At 31 December 2019	50,848	50,768	22,747	299,116	423,479

An impairment charge of AED 27,496 thousand (2019: AED 27,496 thousand) is recorded against advances and prepayments. The discounting impact on non-current receivables is immaterial.

Concentration risk: The Group is exposed to a concentration risk with one of its customers individually representing 55% (2019: 60%) of the total balance of trade receivables outstanding as of the reporting date. The Group does not expect any further losses from this customer.

During the year 2018, the Group booked revenue of AED 386,600 thousand representing contract variation relating to a government project. The Group involved an independent consultant and to verify the value of work performed. Further, the management had also recognised an amount of AED 389,490 thousand in direct costs/trade payables representing contract variation costs incurred and claimed by the sub-contractor.

10 Trade and other receivables (continued)

During the year 2019, the Group continued their discussion with the customer and the sub-contractor and in light of the latest developments in the negotiations, recorded an impairment charge of AED 133,500 thousand against the receivable and a corresponding reduction in the liability by AED 213,921 thousand. Thus, carrying the respective receivable and liability at AED 253,100 thousand and AED 175,569 thousand, respectively.

During the current year ended 31 December 2020, after considerable negotiations, the Group received a final offer from its customer to settle this claim for AED 205.6 million. Taking a prudent view, the Group recorded additional impairment of AED 47,447 thousand. Considering the advancement in the process, the Group renegotiated its cost claim with the sub-contractor and agreed to settle with them for a lower amount of AED 139,800 thousand.

Retention receivables represent amounts withheld by the customers in accordance with the respective contract terms and conditions. These amounts are to be released upon fulfilment of contractual obligations.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The maximum exposure to credit risk at the reporting date is represented by the carrying amounts of each class of receivables mentioned above. The contract assets and contract liabilities are disclosed in this Note and the Note 20.

The other classes within trade and other receivables do not contain impaired assets except as disclosed above.

11 Related party balances and transactions

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

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

11 Related party balances and transactions (continued)

Balances and transactions with related parties

(a) Balance due from related parties

	2020 AED'000	2019 AED'000
Al Qudra Sports Management (Joint Venture)	9,469	10,844
Barary Ain Al Fayda (Associate)*	107,301	127,301
	116,770	138,145
Other related parties		
Connection Real Estate	5,905	5,905
Projects International Dubai	6,868	6,868
SKM-Q L.L.C.	3,635	3,635
Others	929	2,264
	17,337	18,672
	134,107	156,817
Impairment allowance	(5,760)	(7,153)
	128,347	149,664

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

	2020 AED'000	2019 AED'000
Non-current	-	5,263
Current	128,347	144,401
	128,347	149,664

Impairment allowance movement

At 1 January	7,153	8,490
Reversal of charge	(1,393)	(1,337)
At 31 December	5,760	7,153

(b) Balance due to related parties

Other related parties	2020 AED'000	2019 AED'000
Center of Excellence for Applied Research & Training	28,256	28,256
Lootah BCGas	8,467	8,467
GSE Power Systems, Inc.	8,065	8,065
Emirates Link Group	4,661	4,661
Salvatkore Sakr	8,277	8,277
Others	578	1,222
	58,304	58,948

11 Related party balances and transactions (continued)

Balances and transactions with related parties (continued)

(c) Key management compensation

	2020 AED'000	2019 AED'000
Salaries and short-term benefits	19,956	22,388
Post-employment benefits	614	997

(d) Significant transactions with related parties

Finance income	25	629
Purchases	-	354
Sales	8,748	31,162

12 Development work in progress

	2020 AED'000	2019 AED'000
Al Sadu project - Abu Dhabi (i)	376,158	376,095
Reem Downtown (ii)	111,000	111,000
Others	42,402	42,402
	529,560	529,497
Impairment allowance	(42,062)	(42,062)
	487,498	487,435

Impairment allowance movement

At 1 January	42,062	35,624
Impairment charge (Note 24) (iii)	-	6,438
At 31 December	42,062	42,062

Development work in progress represents development, design and construction costs incurred on assets under construction. As at the reporting date, the development work in progress is in a usable condition and no further impairment exists.

(i) The Group has a plot of land located in Al Reem Island, Abu Dhabi. The plot was valued by an independent professionally qualified valuer using the direct comparison approach and no impairment was identified.

(ii) On 19 November 2018, the Group had purchased another plot of land located in Al Reem Island, Abu Dhabi. The plot will be used to construct residential units for resale.

(iii) During the year 2019, the Group received a notice from Al Ain Municipality to take back certain portion of land granted to the Group. Therefore, the related development work in progress on that portion of land amounted to AED 6,438 thousand had been impaired.

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

13 Cash and bank balances

	2020 AED'000	2019 AED'000
Cash and bank balances	26,699	18,524
Term deposits	11,623	-
Margin deposits	3,401	12,365
	41,723	30,889

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

	2020 AED'000	2019 AED'000
Cash and bank balances	41,723	30,889
Less: term deposits with original maturity of more than 3 months	(11,623)	-
Less: margin deposits	(3,401)	(12,365)
	26,699	18,524

Term deposits are placed with commercial banks. These term deposits earn interest at a rate of 1% per annum. Margin deposits are placed as security against the bank guarantees.

14 Legal reserve

In accordance with the Group companies' Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the annual profit of respective profitable companies each year is to be transferred to a legal reserve that is non-distributable. Transfers to this reserve are required to be made until it equals at least 50% of the paid up share capital of respective companies. During the year, the Group companies' have transferred profit of AED 14,742 thousand to its legal reserve.

15 Right of use assets and lease liabilities

The movement of the right of use assets during 2020 is summarized as follows:

Right of use assets

	Land AED'000
Cost:	
At 1 January 2019	-
Adoption of new accounting policy	84,788
At 31 December 2019	84,788
Additions*	18,618
At 31 December 2020	103,406

15 Right of use assets and lease liabilities (continued)

	Land AED'000
Accumulated depreciation:	
At 1 January 2019	-
Charge for the year	(4,407)
At 31 December 2019	(4,407)
Charge for the year	(3,481)
At 31 December 2020	(7,888)
Net carrying amount at 31 December 2020	95,518
Net carrying amount at 31 December 2019	80,381

Lease liabilities

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

	AED'000
At 1 January 2019	-
Adoption of new accounting policy	84,788
At 1 January 2019 after impact of change in accounting policy	84,788
Charge for the year	5,020
Net carrying amount at 31 December 2019	89,808
Additions*	18,618
Charge for the year	6,334
Net carrying amount at 31 December 2020	114,760
Of which are:	
Current lease liabilities	22,494
Non-current lease liabilities	92,266
	114,760

*During the year ended 31 December 2020, the lease of one of the land has been extened from 20 to 50 years by Zones Corp (lessor) and accordingly the lease liability has been remeasured as at the date of modification and a corresponding increase has been adjusted to right of use assets.

16 Other reserves

The following table shows a breakdown of the consolidated statement of changes in equity line item 'other reserves'.

	Subsidiary's reserves on acquisition AED'000	Foreign currency translation AED'000	Total AED'000
At 1 January 2019	245,885	(3,990)	241,895
Revaluation gain	-	27	27
At 31 December 2019	245,885	(3,963)	241,922
Revaluation gain	-	477	477
At 31 December 2020	245,885	(3,486)	242,399

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

17 Trade and other payables

	2020 AED'000	2019 AED'000
Trade payables	1,157,897	1,865,147
Retention payables	155,375	162,081
Provision for infrastructure construction cost	50,108	58,570
Accrued expenses	31,489	35,798
Advance from customers	36,915	41,417
Dividend payable	69,939	70,070
Accrued interest	27,315	2,343
Other payables	54,205	58,358
	1,583,243	2,293,784
Non-current	19,326	391,856
Current	1,563,917	1,901,928
	1,583,243	2,293,784

18 Borrowings

	Current		Non-current	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Term loans	481,030	241,906	472,787	739,102
Islamic financing facility	266,467	90,352	1,176,498	1,286,468
Bank overdrafts	14,723	12,056	-	-
Total	762,220	344,314	1,649,285	2,025,570

The above facilities are taken from commercial banks in the UAE and are repayable in quarterly and semi-annual instalments of various amounts.

Details of term loans/Islamic financing are as follows:

(i) *Bank 1*

- During the year 2017, the Group had entered into an Islamic financing facility in accordance with Sharia compliant structure, which amounted to AED 600 million.
- The purpose of this facility is to:
  (a) settle previous loan of the Group from another bank, and
  (b) Finance the construction cost of the project under development in Musaffah (Note 7).
- Profit rate: Variable profit rate of 3 months EIBOR + 3.5% margin p.a. with a minimum of 4.75% p.a.
- Repayment terms: Quarterly installments.

18 Borrowings (continued)

(i) Bank 1 (continued)

- Security: The term loan is secured by mortgage over the project assets amounted to AED 2,261,000 thousand, corporate guarantees and assignment of the rental proceeds.
- Maturity date: 31 January 2027.

(ii) Bank 2

- During the year 2020, the Group had entered into a loan agreement amounted to AED 265,000 thousand for the purpose of funding its operations.
- Interest rate: Fixed interest rate of 3.75% p.a. till 31 December 2023 and 3 months EIBOR + 2.5% p.a. with a minimum of 4% p.a. with maturity date up to 2028.
- Repayment terms: Quarterly installments.
- Security: The term loan is secured by first-degree mortgage over a plot of land with a fair value of AED 146,500 thousand (Note 7), irrevocable corporate guarantee and irrevocable assignment of project profits pertaining to the 1500 Govt. Villa West Baniyas Project (as and when the project is awarded).

(iii) Bank 3

- During the year 2017, the Group had entered into a loan agreement amounted to AED 59,962 thousand for the purpose of funding its operations.
- Interest rate: Variable interest rate of 3 months EIBOR + 3.5% margin p.a. with a minimum of 5% p.a.
- Repayment terms: Semi-annual installments with a bullet payment at the end of the repayment schedule.
- Maturity date: 31 December 2021.

(iv) Bank 4

- During the year 2013, the Group had entered into a loan agreement amounted to AED 182,827 thousand for the purpose of funding its activities.
- During the year 2020, the Group restructured this loan with revised repayment and interest terms.
- Interest rate: EIBOR + 2.5% margin p.a, with a minimum of 3% p.a.
- Repayment terms: Quarterly installments.
- Security: The loan is secured by a first degree mortgage over a land located in Abu Dhabi and the building over this land for a total value of AED 203,900 thousand.
- Maturity date: 30 June 2030.

18 Borrowings (continued)

(v) Bank 5

- During the year 2017, the Group had entered into an agreement for a medium term loan, non-revolving, amounted to AED 200,000 thousand for the purpose of funding its activities.
- Interest rate: Variable interest rate of 3 months EIBOR + 3.5% margin p.a. with a minimum of 5.5% p.a.
- Repayment terms: Quarterly installment.
- Security: The loan is secured by a first degree registered mortgage over land located in Abu Dhabi for a total value of AED 306,000 thousand.
- Maturity date: 30 September 2022.

(vi) Bank 6

- During the year 2019, the Group had entered into an agreement for a medium term loan, non-revolving, amounted to AED 250,000 thousand for the purpose of funding its activities.
- Interest rate: Variable interest rate of 3 months EIBOR + 3.25% margin p.a.
- Repayment terms: Semi-annual installment.
- Security: The loan is secured by a first degree registered mortgage over land and building located in Abu Dhabi for a total value of AED 608,000 thousand.
- Maturity date: 25 December 2022.

(vii) Bank 7

- During the year 2019, the Group had entered into an Islamic financing facility in accordance with Sharia compliant structure, amounting to AED 630,000 thousand for the purpose of funding Traditional Souq activities.
- Interest rate: Variable interest rate of 3 months EIBOR + 3.5% margin p.a. with minimum 6% p.a.
- Repayment terms: Quarterly installments.
- Security: The loan is secured by a first degree registered mortgage over land, buildings and project assets located in Abu Dhabi for a total value of AED 4,227,000 thousand.
- Maturity date: 31 January 2029.

(viii) Overdraft

During the year 2017, the Group had taken overdraft facility from a commercial bank against the margin deposit of AED 12 million. Interest rate on this facility is 1% p.a. and the overdraft is payable on demand.

18 Borrowings (continued)

(ix) *Finance cost*

	2020 AED'000	2019 AED'000
Interest on bank borrowings	104,107	62,439
Finance cost on lease liabilities (Note 15)	6,334	5,020
	110,441	67,459

During the current year, covenant of all bank facilities were satisfied.

Net debt reconciliation

	2020 AED'000	2019 AED'000
Cash and cash equivalents	26,699	18,524
Lease liabilities	(114,760)	(89,807)
Borrowings	(2,411,505)	(2,369,884)
	(2,499,566)	(2,441,167)

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents AED'000	Borrowings AED'000	Lease liabilities AED'000	Total AED'000
Net debt				
As at 1 January 2020	18,497	(2,369,884)	(89,807)	(2,441,194)
Cash flows	7,563	(41,621)	(6,335)	(40,393)
Other movements	639	-	(18,618)	(17,979)
As at 31 December 2020	26,699	(2,411,505)	(114,760)	(2,499,566)
Net debt				
As at 1 January 2019	23,594	(1,516,941)	-	(1,493,347)
Impact on application of IFRS 16 on 1 January 2019	-	-	(84,788)	(84,788)
Cash flows	(5,097)	(852,943)	(5,019)	(863,059)
As at 31 December 2019	18,497	(2,369,884)	(89,807)	2,441,194

19 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interest that is material to the Group. The amounts disclosed for each subsidiary are before intercompany eliminations.

Summarised statement of financial position:

	Construction Workers Residential City		Moonflower		Green Precast		Other subsidiaries		Total	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Non-current assets	855,250	835,261	2,338,137	2,216,199	-	-	249	3,380	3,193,636	3,054,840
Current assets	624,314	606,506	234,239	4,883	230	230	30,134	157	888,917	611,776
	1,479,564	1,441,767	2,572,376	2,221,082	230	230	30,383	3,537	4,082,553	3,666,616
Non-current liabilities	650,397	730,631	836,287	899,895	415	415	1,190	802	1,488,289	1,631,743
Current liabilities	221,393	142,538	234,436	47,440	12,155	12,155	105,171	1,327	573,155	203,460
	871,790	873,169	1,070,723	947,335	12,570	12,570	106,361	2,129	2,061,444	1,835,203
Net assets	607,774	568,598	1,501,653	1,273,747	(12,340)	(12,340)	(75,978)	1,408	2,021,109	1,831,413
Accumulated payable/ receivable from non-controlling interest	311,124	297,673	791,859	-	(70,008)	(70,008)	(42,917)	(41,044)	990,058	186,621

19 Non-controlling interests (continued)

Summarised statement of comprehensive income:

	Construction Workers Residential City 2020 AED'000	Construction Workers Residential City 2019 AED'000	Moonflower 2020 AED'000	Moonflower 2019 AED'000	Green Precast 2020 AED'000	Green Precast 2019 AED'000	Other subsidiaries 2020 AED'000	Other subsidiaries 2019 AED'000	Total 2020 AED'000	Total 2019 AED'000
Revenue	104,931	113,011	217,434	16,843	-	-	9,376	136,033	331,741	265,887
Profit for the year	38,431	65,673	47,579	(2,160)	-	-	6,094	55,525	92,104	119,038
Other comprehensive income/(loss)	38,431	65,673	47,579	(2,160)	-	-	6,094	55,525	92,104	119,038
Profit/loss allocated to non-controlling interest	13,451	22,985	16,653	-	-	-	(1,873)	421	28,231	23,406

20 Revenue from contracts with customers

(i) Disaggregation of revenue

	2020 AED'000	2019 AED'000
Revenue from contracts with customers	151,988	58,052
Revenue from hotel services	20,285	28,817
Revenue from sale of plots	8,748	32,655
	181,021	119,524

The revenue related to hotel services and sale of plots is recognised at a point in time, while the remaining revenue is recognised over time.

(ii) Assets and liabilities related to contracts with customers

The Group has recognized the following assets and liabilities related to contracts with customers.

	2020 AED'000	2019 AED'000
Contract assets		
Due from customers on contracts (Note 10)	6,966	23,436
Contract liabilities		
Advances from customers (Note 17)	36,915	41,417

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount is transferred to receivables when the rights become unconditional.

The contract liabilities mainly relate to the advances received from customers in accordance with contract terms and conditions.

21 Other income

	2020 AED'000	2019 AED'000
Settlement of liabilities (Note 10)	35,771	213,921
Other miscellaneous income	23,077	2,101
	58,848	216,022

22 Other expenses

	2020 AED'000	2019 AED'000
Office expenses	11,724	12,473
Other expenses	12,223	705
	23,947	13,178

23 Staff costs

	2020 AED'000	2019 AED'000
Salaries and other benefits	53,961	54,678
Provision for employees' end of service benefits	5,005	5,706
Directors' fees	10,145	11,752
	69,111	72,136

24 Impairment charges

Impairment of financial assets

	2020 AED'000	2019 AED'000
Impairment losses on trade receivables (Note 10)	85,601	133,500
Impairment losses on cash and bank balances	8,245	-
Reversal of impairment charge on due from related parties balances (Note 11)	(1,393)	(1,337)
Reversal of impairment on trade receivables	-	(47,346)
	92,453	84,817

Impairment of non-financial assets

Impairment of property, plant and equipment (Note 6)	-	8,161
Impairment of investment properties (Note 7)	-	28,700
Impairment of development work in progress (Note 12)	-	6,438
Impairment losses on inventories	1,432	-
	1,432	43,299

25 Earnings per share

Earnings per share of AED 0.189 (2019: AED 0.224) is calculated by dividing the profit attributable to the Owners of the Parent for the year ended 31 December 2020 by the weighted average number of shares outstanding during the year of 808,984 thousand (2019: 808,984 thousand).

26 Commitments and contingent liabilities

The commitments relate to the construction of property under development (Note 7) and operating lease towards the land rent upon which the Group has constructed its investment properties on.

	2020 AED'000	2019 AED'000
Within one year	162,718	402,440
More than one year to five years	-	80,360
Above five years	-	133,878
Guarantees	156,352	152,952

27 Financial instruments by category

	2020 AED'000	2019 AED'000
Financial assets		
Financial assets at fair value through other comprehensive income	431,721	434,769
Financial assets at amortised cost		
Trade and other receivables (i)	823,709	542,983
Due from related parties	128,347	149,664
Cash and bank balances	41,723	30,889
	993,779	723,536
	1,425,500	I,158,305
Financial liabilities at amortised cost		
Trade and other payables (ii)	1,546,328	2,252,367
Lease liabilities	114,760	89,807
Borrowings	2,411,505	2,369,884
Due to related parties	58,304	58,948
	4,130,897	4,771,006

For the purpose of the disclosure:

(i) trade and other receivables are presented after excluding advances to contractors and prepayments and other advances; and

(ii) trade and other payables are presented after excluding advances from customers.

28 Dividend declared

The shareholders had approved a dividend on 25 March 2020 during their Annual General Meeting amounting to Nil (2019: AED 56,828 thousand).

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

29 Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the management.

For the year ended 31 December 2020	Real estate	Hospitality	Labour accommodation	Others	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Income	324,901	22,351	271,941	22,158	641,351
Expenses	(138,909)	(23,448)	(156,384)	(36,235)	(354,976)
Operating profit	185,992	(1,097)	115,557	(14,077)	286,375
Finance costs	(51,672)	(43)	(58,650)	(76)	(110,441)
Share of profit on investment in associates	3,990	-	-	-	3,990
Share of profit on investment in joint ventures	1,580	-	-	-	1,580
Net segment results	139,890	(1,140)	56,907	(14,153)	181,504
For the year ended 31 December 2019					
Income	370,419	30,610	142,173	23,876	567,078
Expenses	(202,999)	(27,218)	(57,056)	(24,762)	(312,035)
Operating profit	167,420	3,392	85,117	(886)	255,043
Finance costs	(42,728)	(1,785)	(22,904)	(42)	(67,459)
Share of profit on investment in associates	13,751	-	-	-	13,751
Share of profit on investment in joint ventures	1,559	-	-	-	1,559
Net segment results	140,002	1,607	62,213	(928)	202,894

Al Qudra Holding PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

29 Segment reporting (continued)

As at 31 December 2020	Real estate	Hospitality	Labour accommodation	Others	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Segment Assets	3,140,401	444,478	3,641,746	322,328	7,548,953
Segment Liabilities	1,784,542	444,254	1,259,025	690,008	4,177,829
As at 31 December 2019					
Segment Assets	3,409,460	148,388	3,466,186	343,786	7,367,820
Segment Liabilities	2,060,416	144,256	1,921,586	691,871	4,818,129

30 Exposure to Abraaj Group

	2020 AED'000	2019 AED'000
Infrastructure Growth Capital	26,686	28,846
Abraaj Buyout Fund II*	-	-
	26,686	28,846

* During the year 2019, the Group based on the instruction of the fund manager impaired the investment of AED 12,622 thousand in Abraaj Buyout Fund II.

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