

Q Holding PSC and its subsidiaries

**REVIEW REPORT AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2023 (UNAUDITED)

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF Q HOLDING PSC**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Q Holding PSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2023, comprising of the interim consolidated statement of financial position as at 30 June 2023, and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three month and six month periods then ended and the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34.



Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No 811

24 July 2023
Abu Dhabi

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month and six month periods ended 30 June 2023 (Unaudited)

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue from contracts with customers	5	295,822	26,646	311,978	228,435
Rental income		98,829	87,592	193,273	175,144
Dividend income		33,021	<u>30,252</u>	104,789	<u>31,255</u>
		427,672	144,490	610,040	434,834
Contract costs		(218,806)	(36,395)	(243,858)	(80,137)
Staff costs	6	(17,039)	(15,672)	(36,390)	(31,042)
Utilities		(8,884)	(6,286)	(16,614)	(13,716)
Marketing expenses		(276)	(5,739)	(1,547)	(6,070)
Rent expenses		(1,351)	(1,303)	(2,719)	(2,645)
Depreciation on property and equipment	10	(5,124)	(4,165)	(10,158)	(8,209)
Amortisation of intangible assets		(887)	(66)	(1,778)	(167)
Depreciation on right-of-use-assets		(854)	(854)	(1,708)	(1,700)
Provision for expected credit loss on trade and other receivables and amounts due from related parties	15 & 22	(8,741)	(3,369)	(17,495)	(7,886)
Changes in the fair value of investments carried at fair value through profit or loss	13	116,427	(243,001)	(374,764)	(249,782)
Net changes in fair value of investment properties	11	-	(260,768)	-	(260,768)
Provision for impairment loss on property and equipment	10	(23)	(36,253)	(23)	(36,253)
Provision for impairment loss on development work in progress		-	(175,789)	-	(175,789)
Share of loss on investments in associates and joint ventures	12	(43)	(1,123)	(871)	(598)
Finance income (cost), net	8	4,126	(26,774)	(6,139)	(74,238)
Provisional bargain purchase gain on acquisition of a subsidiary		-	1,231,810	-	1,231,810
Gain on liquidation of subsidiaries		-	-	-	2,450
Gain on disposal of asset held for sale	18	182,361	-	182,361	-
Loss on disposal of a subsidiary		-	(16,779)	-	(16,779)
Other income	7	61,688	-	155,046	-
Other expenses		(8,334)	<u>(7,794)</u>	(18,931)	<u>(27,262)</u>
PROFIT FOR THE PERIOD		<u>521,912</u>	<u>534,170</u>	<u>214,452</u>	<u>676,053</u>
Profit attributable to:					
Owners of the Parent		511,548	525,772	196,989	653,353
Non-controlling interests		<u>10,364</u>	<u>8,398</u>	<u>17,463</u>	<u>22,700</u>
		<u>521,912</u>	<u>534,170</u>	<u>214,452</u>	<u>676,053</u>
Basic and diluted earnings per share (AED)	23	<u>0.07</u>	<u>0.09</u>	<u>0.03</u>	<u>0.11</u>

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month and six month periods ended 30 June 2023 (Unaudited)

	Note	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
PROFIT FOR THE PERIOD		521,912	534,170	214,452	676,053
Other comprehensive income (loss):					
<i>Items that will not be reclassified to profit or loss</i>					
Change in the fair value of investments carried at fair value through other comprehensive income	13	66,180	(87,641)	25,049	(31,181)
<i>Items that may be reclassified to profit or loss</i>					
Share of other comprehensive income from associate		-	920	-	
Exchange differences on translation of foreign operations		<u>(212)</u>	<u>115</u>	<u>(402)</u>	<u>1,178</u>
Other comprehensive income (loss) for the period		<u>65,968</u>	<u>(87,526)</u>	<u>25,567</u>	<u>(30,003)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>587,880</u>	<u>446,644</u>	<u>240,019</u>	<u>646,050</u>
Total comprehensive income attributable to:					
Owners of the Parent		577,516	438,246	222,556	623,350
Non-controlling interests		<u>10,364</u>	<u>8,398</u>	<u>17,463</u>	<u>22,700</u>
		<u>587,880</u>	<u>446,644</u>	<u>240,019</u>	<u>646,050</u>

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>Notes</i>	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property and equipment	10	523,598	454,968
Investment properties	11	7,256,489	7,239,241
Intangible assets and goodwill		196,693	198,471
Right-of-use assets		88,628	90,336
Investment in associates and joint ventures	12	93,382	32,010
Investments carried at fair value through other comprehensive income	13	455,266	430,217
Investments carried at amortised cost	13	32,705	49,316
Trade and other receivables	15	<u>927,655</u>	<u>411,786</u>
		<u>9,574,416</u>	<u>8,906,345</u>
Current assets			
Inventory properties	14	2,053,594	2,053,230
Development work in progress	16	1,182,775	1,276,791
Trade and other receivables	15	847,987	463,327
Investments carried at fair value through profit or loss	13	2,527,952	2,951,614
Amounts due from related parties	22	249,956	142,553
Cash and bank balances	17	<u>1,832,027</u>	<u>1,828,133</u>
		8,694,291	8,715,648
Assets held for sale		<u>1,048,471</u>	<u>1,919,751</u>
		<u>9,742,762</u>	<u>10,635,399</u>
TOTAL ASSETS		<u>19,317,178</u>	<u>19,541,744</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	19	6,855,599	6,855,599
Share premium		4,459,919	4,459,919
Legal reserve		353,732	353,732
Merger reserve		(189,234)	(189,234)
Other reserves		238,574	238,056
Cumulative changes in fair value		27,881	2,832
Retained earnings		<u>1,768,683</u>	<u>1,571,694</u>
Equity attributable to Owners of the Parent		13,515,154	13,292,598
Non-controlling interests		<u>972,718</u>	<u>955,255</u>
Total equity		<u>14,487,872</u>	<u>14,247,853</u>

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

At 30 June 2023

	<i>Notes</i>	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	20	7,530	15,013
Loans and borrowings	21	1,474,103	1,582,570
Lease liabilities		103,154	98,598
Provision for employees' end of service benefits		<u>13,755</u>	<u>13,299</u>
		<u>1,598,542</u>	<u>1,709,480</u>
Current liabilities			
Trade and other payables	20	2,443,029	2,788,692
Loans and borrowings	21	236,895	212,294
Lease liabilities		13,880	15,492
Amounts due to related parties	22	<u>528,945</u>	<u>559,918</u>
		3,222,749	3,576,396
Liabilities directly associated with assets held for sale		<u>8,015</u>	<u>8,015</u>
		<u>3,230,764</u>	<u>3,584,411</u>
Total liabilities		<u>4,829,306</u>	<u>5,293,891</u>
TOTAL EQUITY AND LIABILITIES		<u>19,317,178</u>	<u>19,541,744</u>



Group Finance Director



Group Chief Executive Officer



Director

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023 (Unaudited)

	<i>Attributable to Owners of the Parent</i>									
	<i>Share capital AED'000</i>	<i>Share premium AED '000</i>	<i>Legal reserve AED '000</i>	<i>Merger reserve AED '000</i>	<i>Other reserves AED '000</i>	<i>Cumulative changes in fair value AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>	<i>Non-controlling interests AED '000</i>	<i>Total equity AED '000</i>
At 1 January 2022 (Audited)	5,508,191	-	327,122	(189,234)	235,742	38,875	691,192	6,611,888	1,033,098	7,644,986
Profit for the period	-	-	-	-	-	-	653,353	653,353	22,700	676,053
Other comprehensive income (loss) for the period	-	-	-	-	1,178	(31,181)	-	(30,003)	-	(30,003)
Total comprehensive income (loss) for the period	-	-	-	-	1,178	(31,181)	653,353	623,350	22,700	646,050
Increase in share capital on acquisition of subsidiary	1,347,408	-	-	-	-	-	-	1,347,408	-	1,347,408
Acquisition of a subsidiary	-	4,459,919	-	-	-	-	-	4,459,919	-	4,459,919
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(823)	(823)
At 30 June 2022 (Unaudited)	<u>6,855,599</u>	<u>4,459,919</u>	<u>327,122</u>	<u>(189,234)</u>	<u>236,920</u>	<u>7,694</u>	<u>1,344,545</u>	<u>13,042,565</u>	<u>1,054,975</u>	<u>14,097,540</u>
At 1 January 2023 (Audited)	6,855,599	4,459,919	353,732	(189,234)	238,056	2,832	1,571,694	13,292,598	955,255	14,247,853
Profit for the period	-	-	-	-	-	-	196,989	196,989	17,463	214,452
Other comprehensive income for the period	-	-	-	-	518	25,049	-	25,567	-	25,567
Total comprehensive income for the period	-	-	-	-	518	25,049	196,989	222,556	17,463	240,019
At 30 June 2023 (Unaudited)	<u>6,855,599</u>	<u>4,459,919</u>	<u>353,732</u>	<u>(189,234)</u>	<u>238,574</u>	<u>27,881</u>	<u>1,768,683</u>	<u>13,515,154</u>	<u>972,718</u>	<u>14,487,872</u>

The attached notes 1 to 26 form part of these interim condensed consolidated financial statement.

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2023 (Unaudited)

	Notes	<i>Six month period ended 30 June</i>	
		2023 <i>AED'000</i> <i>(Unaudited)</i>	<i>2022</i> <i>AED'000</i> <i>(Unaudited)</i>
OPERATING ACTIVITIES			
Profit for the period		214,452	676,053
Adjustments for:			
Depreciation on property and equipment	10	10,158	8,209
Amortisation of intangible assets		1,778	167
Depreciation on right-of-use assets		1,708	1,700
Gain on disposal of assets held-for-sale		(182,361)	(4,341)
Reversal of provision for infrastructure cost, net		(38,455)	-
Dividend income		(104,789)	(31,255)
Gain on transfer of land to an associate		(45,040)	-
Finance costs	8	3,195	71,246
Finance costs on lease liabilities		2,944	2,992
Changes in the fair value of investments carried at fair value through profit or loss	13	374,764	249,782
Amortisation expense on investments at amortised cost		148	-
Provision for employees' end of service benefits		715	1,325
Provision for impairment loss on development work in progress		-	175,789
Net changes in fair value of investment properties		-	260,768
Provision for impairment loss on property and equipment		23	36,253
Provision for expected credit loss on financial assets	15 & 22	17,495	7,886
Provisional bargain purchase gain on acquisition of subsidiary		-	(1,231,810)
Gain on disposal of bonds		(365)	-
Liabilities written back		(68,093)	-
Share of loss from investment in associates and joint ventures		871	598
Operating cash flows before changes in working capital		189,148	225,362
Changes in working capital:			
Inventory properties		(364)	22
Development work in progress		78,325	(135,362)
Trade and other receivables		(118,514)	73,885
Amounts due from related parties		(108,026)	(20,049)
Amounts due to related parties		(30,973)	(7,892)
Trade and other payables		14,537	(168,646)
Cash generated from (used in) operations		24,133	(32,680)
Employees' end of service benefits paid		(259)	(2,671)
Net cash flows from (used in) operating activities		23,874	(35,351)

Q Holding PSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS continued

For the six month period ended 30 June 2023 (Unaudited)

	Notes	<i>Six month period ended 30 June</i>	
		2023 <i>AED'000</i> <i>(Unaudited)</i>	2022 <i>AED'000</i> <i>(Unaudited)</i>
INVESTING ACTIVITIES			
Additions to property and equipment		(66,281)	(27,015)
Purchase of intangibles assets		-	(160)
Proceeds from disposal of property and equipment		-	12,866
Proceeds from disposal of assets held-for-sale		-	13,401
Cash acquired on acquisition of subsidiary		-	408,700
Purchase of investments carried at fair value through profit or loss		(10,926)	(12,871)
Disposal of investments carried at fair value through profit or loss		59,824	19,080
Additions to investment properties		(13,311)	(32,717)
Proceeds from the sale of bonds		11,080	-
Proceeds from redemption of bonds		5,748	-
Interest income received		22,868	-
Dividends received		105,300	32,788
Proceeds from disposal of investment in joint venture		-	510
Investment in an associate and joint ventures		-	(90)
Margin deposit placed		(38,228)	(6,690)
Net movement in restricted cash		(350,575)	-
Term deposit placed		(444,107)	(301,893)
Net cash (used in) flows from investing activities		(718,608)	105,909
FINANCING ACTIVITIES			
Proceeds from bank borrowings		-	1,054,371
Repayment of bank borrowings, net		(99,059)	(1,669,868)
Finance costs paid		(33,948)	(58,781)
Net cash used in financing activities		(133,007)	(674,278)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(827,741)	(603,720)
Net foreign exchange differences		(12,530)	10,839
Cash and cash equivalents at 1 January		1,038,322	<u>1,652,264</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	<u>198,051</u>	<u>1,059,383</u>

The attached notes 1 to 26 form part of these interim condensed consolidated financial statement.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023 (Unaudited)

1 GENERAL INFORMATION

Q Holding PSC (the “Company” or the “Parent”) is a private joint stock company incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE). The Company is registered on the secondary market in Abu Dhabi Stock Exchange.

The Company is registered under commercial license No. CN-1002912. The registered office of the Company is at P.O. Box 48111, Abu Dhabi, U.A.E. The Company and its subsidiaries together are referred to as (“the Group”).

The Group is principally engaged in investing in pioneering business ideas and forming strategic partnerships emanating from focused research and the expertise of its founders. The Group envisages subscribing as a 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.

These interim condensed consolidated financial statements were authorised for issue in accordance with the resolution of the Board of Directors on 24 July 2023.

2.1 BASIS OF PREPARATION

Accounting convention

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Law No. (32) of 2021.

Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2023 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and also comply with the applicable requirements of laws in the UAE. The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the period ended 30 June 2023 are not necessarily indicative of the results for the year ending 31 December 2023.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

2.2 BASIS OF CONSOLIDATION continued

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

2.2 BASIS OF CONSOLIDATION continued

Details of the Company's subsidiaries as at 30 June 2023 and 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Percentage of holding	
			30 June 2023 %	31 December 2022 %
Al Qudra Real Estate LLC	Real estate management	United Arab Emirates	100	100
Al Qudra Holding – Syria	General investment	Syrian Arab Republic	100	100
Al Qudra Real Estate	Real estate management	Syrian Arab Republic	100	100
Al Qudra Trading LLC	Commercial project investment	United Arab Emirates	100	100
Q & Elevate LLC	Hospitality Service	United Arab Emirates	70	70
Ain Al Fayda Real Estate LLC	Real estate management.	United Arab Emirates	100	100
Buhyarat Ain Al Fayda Real Estate LLC	Real estate management	United Arab Emirates	100	100
Manarah Bay Real Estate	Real estate management	United Arab Emirates	100	100
Q International Limited	General Investment	Cayman Islands	100	100
Al Qudra General Trading Establishment	Commercial project investment	United Arab Emirates	-	100
Q For Commercial Markets Management	Setup, Ownership and Development of Commercial Market, Parks and entertainment facilities	United Arab Emirates	60	60
Q Link Transport	Transportation	United Arab Emirates	85	85
Q Car Park LLC*	Developing, operating, renting and equipping of car parking	United Arab Emirates	50	50
Q Active for Technologies LLC	Telecommunication system installation and maintenance	United Arab Emirates	51	51
ABNIA for Industrial Holding LLC*	Activities of cement, glass, iron, wood and electromechanical industries	United Arab Emirates	50	50
Al Qudra Belarus Ltd.	General Investment	Republic of Belarus	100	100
Al Qudra Holding – Yemen	General Investment	Republic of Yemen	100	100
Al Qudra Industrial LLC	Consultancy in alternative power and industrial projects	United Arab Emirates	100	100
Q Parks Establishment	Touristic resort management & entertainment investment	United Arab Emirates	100	100
Al Qudra Health Care LLC	Health care & hospitality	United Arab Emirates	100	100
QP International LLC	Project Management	United Arab Emirates	60	60
Al Rayan Investment PSC	Develop, manage and invest in real estate enterprises	United Arab Emirates	99.97	99.97
Construction Workers Residential City LLC	Real Estate Investment	United Arab Emirates	65	65
Moon Flower Real Estate Development LLC	Real Estate Investment	United Arab Emirates	100	100
Green Precast Systems Technology LLC	General Contracting	United Arab Emirates	60	60
Earth Care Agricultural Products LLC	Agriculture Business	United Arab Emirates	-	100
Apex Residential LLC	Real Estate Investment	United Arab Emirates	100	100
Al Rayan Global Real Estate LLC	Real Estate Investment	United Arab Emirates	100	100
Q construction LLC	General contracting	United Arab Emirates	100	100
Radiant & Moonflower Real Estate Development LLC	Real Estate Investment	United Arab Emirates	65	65
Al Qudra Holding – Morocco	General investment	Morocco	100	100
Smart Hotel Management	Hotel management	Morocco	100	100
Smart Hotel Properties	Hotel management	Morocco	100	100
Kasr Al Bahr	Hospitality	Morocco	100	100
Atlantic Coast Hospitality	General investment	Morocco	100	100
Danat Facility Management LLC	Facilities management service	United Arab Emirates	-	100
Al Qudra for Agricultural and Development LLC	Agricultural development	United Arab Emirates	100	100
Q General Investments Ltd.	General investment	British Virgin Islands	100	100

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

2.2 BASIS OF CONSOLIDATION continued

Name of subsidiary	Principal activity	Country of incorporation	Percentage of holding	
			30 June 2023 %	31 December 2022 %
Q Energy LLC	Oil & Gas equipment installation and maintenance services	United Arab Emirates	60	60
Al Qudra Holding -Algeria	General Investments	Algeria	100	100
Al Qudra Holding International LLC	Industrial Enterprises and financial management	United Arab Emirates	100	100
Emirates Simulation Academy LLC	Construction, Operation management and development of training centre	United Arab Emirates	60	60
Winds Laundry – Sole Proprietorship LLC	Laundry services	United Arab Emirates	100	100
Al Qudra Holding Offshore	Holding Company	Morocco	100	100
Q Investment RSC Ltd.	Real Estate Investment	United Arab Emirates	100	100
Q Malls – Sole Proprietorship LLC	Real Estate Lease and Management	United Arab Emirates	100	100
Barary Ain Al Fayda Development LLC	Real estate management	United Arab Emirates	100	100
Al Tamouh Investments Company LLC	Real estate management	United Arab Emirates	100	100
Al Ain Adventures LLC	Adventure Park	United Arab Emirates	100	100
Green Mubazzarah Chalets LLC	Resort and furnished residences leasing	United Arab Emirates	100	100
Tamouh National Contracting LLC	Building projects contracting	United Arab Emirates	51	51
Arch Models Abu Dhabi LLC	Designing and constructing architectural models	United Arab Emirates	60	60
TSL Properties LLC	Real estate management	United Arab Emirates	100	100
Island Villas LLC	Real estate management	United Arab Emirates	100	100
Marina Square Community Real Estate LLC	Real estate management	United Arab Emirates	100	100
Team Builders LLC	Real estate management	United Arab Emirates	51	51
Q Properties LLC	Real estate management	United Arab Emirates	100	100
Q Companies Management LLC	Real estate management	United Arab Emirates	100	100
Q Hospitality LLC	Real estate management	United Arab Emirates	100	100
Reem Hills - Sole Proprietorship LLC	Real estate management	United Arab Emirates	100	100
Reem Investments – Sole Proprietorship PJSC	Real estate management	United Arab Emirates	100	100
Reem Developers – Sole Proprietorship LLC	Real estate management	United Arab Emirates	100	100
Reem for Energy Investment Services - Sole Proprietorship LLC	Oil and gas projects	United Arab Emirates	100	100
Insignia One Investment**	General Investment	United Arab Emirates	100	-
Discontinued operations				
Paragon Malls LLC	Ownership and leasing of retail property	United Arab Emirates	100	100
Dana Hospitality LLC	Hotel Management service	United Arab Emirates	100	100

*Although the Group owns 50% of the outstanding shares of 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.

** Subsidiary incorporated during the year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

2.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of the following new standards effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17: Insurance Contracts;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

UAE Corporate Tax Law disclosures

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies the taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantially enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of the UAE CT Law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the financial period ended 30 June 2023. Following assessment of the potential impact of the UAE CT Law on the balance sheet, we do not consider there to be material temporary differences on which deferred taxes should be accounted.

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgements estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgements estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgements are currently evaluated and are based on historical experience and others factors.

In preparing these interim condensed consolidated financial statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

4 FINANCIAL RISK MANAGEMENT

4.1 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate bank balances and credit facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

4.2 Fair value estimation

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined.

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

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<i>At 30 June 2023 (Unaudited)</i>				
<i>Investments carried at fair value through profit or loss</i>				
Quoted shares	2,281,814	-	-	2,281,814
Unquoted shares	-	-	9,552	9,552
Managed funds	-	<u>236,586</u>	-	<u>236,586</u>
	<u>2,281,814</u>	<u>236,586</u>	<u>9,552</u>	<u>2,527,952</u>
<i>Investments carried at fair value through other comprehensive income</i>				
Quoted shares	30,909	-	-	30,909
Unquoted shares	-	<u>368,265</u>	<u>56,092</u>	<u>424,357</u>
	<u>30,909</u>	<u>368,265</u>	<u>56,092</u>	<u>455,266</u>
<i>At 31 December 2022 (Audited)</i>				
<i>Investments carried at fair value through profit or loss</i>				
Quoted shares	2,708,536	-	-	2,708,536
Unquoted shares	-	-	11,315	11,315
Managed funds	-	<u>231,763</u>	-	<u>231,763</u>
	<u>2,708,536</u>	<u>231,763</u>	<u>11,315</u>	<u>2,951,614</u>
<i>Investments carried at fair value through other comprehensive income</i>				
Quoted shares	37,633	-	-	37,633
Unquoted shares	-	<u>336,492</u>	<u>56,092</u>	<u>392,584</u>
	<u>37,633</u>	<u>336,492</u>	<u>56,092</u>	<u>430,217</u>

During the six months period ended 30 June 2023, 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.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Infrastructure development	180,206	-	180,206	-
Revenue from contracts with customers	72,770	22,041	86,150	64,080
Revenue from sale of plots	39,500	-	39,500	159,600
Revenue from hotel services	3,346	4,605	6,122	4,755
	<u>295,822</u>	<u>26,646</u>	<u>311,978</u>	<u>228,435</u>
<i>Timing of revenue recognition</i>				
Services transferred at a point in time	42,846	4,605	45,622	164,355
Services transferred over time	252,976	22,041	266,356	64,080
	<u>295,822</u>	<u>26,646</u>	<u>311,978</u>	<u>228,435</u>

Geographical markets

All revenues are generated from the United Arab Emirates.

6 STAFF COSTS

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Salaries and other benefits	16,777	14,842	35,673	29,717
Provision for employees' end of service benefits	262	830	717	1,325
	<u>17,039</u>	<u>15,672</u>	<u>36,390</u>	<u>31,042</u>

7 OTHER INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Reversal of provision for infrastructure (i)	38,455	-	38,455	-
Liabilities written back (ii)	20,140	-	68,093	-
Gain on transfer of land to an associate (iii)	-	-	45,040	-
Other miscellaneous income	3,093	-	3,458	-
	<u>61,688</u>	<u>-</u>	<u>155,046</u>	<u>-</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

7 OTHER INCOME continued

- (i) During the period ended 30 June 2023, the Group completed the required infrastructure works on certain sold plots of land accordingly the deferred revenue and the related excess provision for infrastructure work was released given that the required provisions were no longer required.
- (ii) Liabilities written back represent project accruals previously recorded by the Group against development work performed by a related party on the Traditional Souq Project amounting to AED 47,953 thousand and work performed by a contractor on a residential development project amounting to AED 20,140 thousand. During the period, the Group entered into settlement agreements with the related party and the contractor whereby all the amounts payable in connection with the projects were considered to be fully and finally settled leading to the reversals noted.
- (iii) During the period ended 30 June 2023, the Group contributed 5 plots of land in Reem Island amounting to AED 60,731 thousand to one of its associates. The plots of land and the related infrastructure had a carrying value of AED 15,691 thousand and were transferred at their fair value of AED 60,731 thousand resulting in a gain on transfer amounting to AED 45,040 thousand.

8 FINANCE (INCOME) COSTS, NET

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Interest on loans and borrowings	21,135	27,185	41,148	41,438
Profit Rate Swap settlement	-	-	-	31,715
Interest expense on lease liabilities	1,472	1,496	2,944	2,992
Interest Income	(26,733)	(1,907)	(37,953)	(1,907)
	<u>(4,126)</u>	<u>26,774</u>	<u>6,139</u>	<u>74,238</u>

9 SEASONALITY OF OPERATIONS

The results for the period ended 30 June 2023 reflect the results of the Group's continuing projects and new projects which commenced during the period and are not significantly affected by any seasonal or cyclical operations.

Management has concluded that this does not constitute "highly seasonal" as considered by IAS 34 Interim Financial Reporting. Notwithstanding, the results for the six months period ended 30 June 2023 are not necessarily indicative of the results that might be expected for the period ending 31 December 2023.

10 PROPERTY AND EQUIPMENT

During the six months period ended 30 June 2023, the Group made additions to various property and equipment with a cost of AED 66,281 thousand (31 December 2022: AED 241,569 thousand). The depreciation charge for the six months period is AED 10,158 thousand (30 June 2022: AED 8,209 thousand), net disposal for the six months period amounted to AED nil (31 December 2022: AED 3,429) and net effect of movement in exchange rates amounted to AED 12,530 (31 December 2022: AED 25,368 thousand).

Moreover, the Group recorded a provision for impairment loss of AED 23 thousand (30 June 2022: AED 36,253 thousand) on capital work in progress.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

11 INVESTMENT PROPERTIES

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Properties under development	672,810	656,772
Labour camps	2,610,599	2,610,599
Land	981,723	980,513
Buildings	<u>2,991,357</u>	<u>2,991,357</u>
	<u>7,256,489</u>	<u>7,239,241</u>

At the reporting date, the Group has assessed the fair value of its major investment properties and concluded that there is no significant change observed in significant estimates and judgements used in the valuation of investment properties as compared with 31 December 2022. In its assessment, management has concluded that for the investment properties (plots of land) valued using comparable method there is currently no comparable evidence in the market which suggest a change in the valuation for investment properties (plots of land). For the investment properties valued using discounted cash flow (camps, buildings etc), the Group did not observe any significant change in the estimates in terms of change in rental tariff or occupancy rate.

During the six months period ended 30 June 2023, the Group recorded an impairment of AED nil (31 December 2022: AED 260,768 thousand) on certain properties under development and a fair value loss of AED nil (31 December 2022: AED 73,262 thousand) on investment properties.

During the six months period ended 30 June 2023, the Group capitalised interest expense amounting to AED nil (31 December 2022: AED 16,003 thousand) on settlement of profit rate swap to properties under development. Further, the Group made additions to properties under development with a cost of AED 16,038 thousand including interest of AED 3,937 thousand (31 December 2022: AED 103,431 thousand).

12 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Sawaeed Employment L.L.C.	30,999	31,418
Century Village Real Estate Investment LLC (i)	60,821	90
Al Qudra Addoha pour L' Investissement Immobilier	459	502
ORA Developers Investment Holding Limited (ii)	1,103	-
Bunya Enterprises LLC (iii)	<u>-</u>	<u>-</u>
	<u>93,382</u>	<u>32,010</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

12 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

The movement of investment in associates is as follows:

	<i>As at 1 January AED'000</i>	<i>Disposals AED'000</i>	<i>Share of loss AED'000</i>	<i>Share of other comprehensive income AED'000</i>	<i>Dividends AED'000</i>	<i>Additions AED'000</i>	<i>Closing balance AED'000</i>
30 June 2023							
Saweed Employment LLC	31,418	-	(828)	920	(511)	-	30,999
Century Village Real Estate Investment LLC (i)	90	-	-	-	-	60,731	60,821
Al Qudra Addoha pour L' Investissement Immobilier	502	-	(43)	-	-	-	459
ORA Developers Investment Holding Limited (ii)	-	-	-	-	-	1,103	1,103
	<u>32,010</u>	<u>-</u>	<u>(871)</u>	<u>920</u>	<u>(511)</u>	<u>61,834</u>	<u>93,382</u>
31 December 2022							
Saweed Employment LLC	32,027	-	(701)	1,624	(1,532)	-	31,418
Century Village Real Estate Investment LLC	-	-	-	-	-	90	90
Al Qudra Sports Management L.L.C	6,209	(5,642)	(567)	-	-	-	-
Al Qudra ICSM	510	(510)	-	-	-	-	-
Al Qudra Addoha pour L' Investissement Immobilier	603	-	-	(101)	-	-	502
	<u>39,349</u>	<u>6,152</u>	<u>(1,268)</u>	<u>1,523</u>	<u>(1,532)</u>	<u>90</u>	<u>32,010</u>

- i) During the period ended 30 June 2023, the Group contributed 5 plots of land in Reem Island amounting to AED 60,731 thousand to one of its associates. The plots of land and the related infrastructure had a carrying value of AED 15,691 thousand and were transferred at their fair value of AED 60,731 thousand resulting in a gain on transfer amounting to AED 45,040 thousand.
- ii) During the period ended 30 June 2023, the Group participated in the formation of the company “ Ora Developers Investment Holding Limited”, which resulted in the Group having a 30% shareholding in this company, whose primary objective is to develop, finance, own and operate, lease or sell directly or indirectly, the plots or any of its components.
- iii) Bunya Enterprises LLC (“Bunya”) is a limited liability company incorporated in the Emirate of Abu Dhabi and is engaged in consultancy and management of civil works and development of properties. Bunya is treated as an associate, even though the Group holds 66% of equity investee, given that all decisions have to be approved via unanimous consent of all the shareholders.

In addition, the Group has already recognised in prior years its share of Bunya general and administrative expenses and accordingly its investment in Bunya has already been eroded. Accordingly, the Group is not recognizing any additional share of Bunya losses during the period ended 30 June 2023.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

13 INVESTMENTS IN FINANCIAL ASSETS

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Investments carried at fair value through other comprehensive income	455,266	430,217
Investments carried at fair value through profit or loss	2,527,952	2,951,614
Investments carried at amortised cost	<u>32,705</u>	<u>49,316</u>
	<u>3,015,923</u>	<u>3,431,147</u>

Investments carried at fair value through other comprehensive income comprise:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Quoted equity securities inside UAE	30,909	37,633
Unquoted equity securities inside UAE	<u>424,357</u>	<u>392,584</u>
	<u>455,266</u>	<u>430,217</u>

Investments carried at fair value through profit or loss comprise:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Inside UAE</i>		
Quoted equity securities	2,128,481	2,541,230
Unquoted equity securities	4,633	4,633
Managed funds	<u>481</u>	<u>6,819</u>
	<u>2,133,595</u>	<u>2,552,682</u>
<i>Outside UAE</i>		
Quoted equity securities	153,333	167,306
Unquoted equity securities	4,919	6,682
Managed funds	<u>236,105</u>	<u>224,944</u>
	<u>394,357</u>	<u>398,932</u>
	<u>2,527,952</u>	<u>2,951,614</u>

Investments carried at amortised cost comprise:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Bonds	<u>32,705</u>	<u>49,316</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

13 INVESTMENTS IN FINANCIAL ASSETS continued

The movement in investments carried at fair value through other comprehensive income is as follows:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
At the beginning of the period / year	430,217	467,557
Disposals during the period / year	-	(8,803)
Change in fair value	<u>25,049</u>	<u>(28,537)</u>
At the end of the period / year	<u>455,266</u>	<u>430,217</u>

The movement in investments carried at fair value through profit or loss is as follows:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
At the beginning of the period / year	2,951,614	62,383
Purchases during the period / year	10,926	72,946
Acquired in business combinations	-	3,296,942
Disposals during the period / year	(59,824)	(131,768)
Change in fair value	<u>(374,764)</u>	<u>(348,889)</u>
At the end of the period / year	<u>2,527,952</u>	<u>2,951,614</u>

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 movement in investments carried at amortised cost is as follows:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
At the beginning of the period / year	49,316	-
Acquired in business combinations, net of provision for expected credit losses	-	49,314
Matured during the period / year	(5,748)	(236)
Disposals during the period / year	(10,715)	-
Interest income accrued during the period / year	-	218
Amortisation during the period / year	(148)	-
Reversal of provision for expected credit losses	<u>-</u>	<u>20</u>
At the end of the period / year	<u>32,705</u>	<u>49,316</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

14 INVENTORY PROPERTIES

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
At the beginning of the period / year	2,053,230	7,509
Acquired in business combination	-	2,047,000
Additions during the period	1,833	1,080
Transfers from investment properties	-	66,276
Sold during the period / year	<u>(1,469)</u>	<u>(68,635)</u>
At the end of the period / year	<u>2,053,594</u>	<u>2,053,230</u>

Inventory properties comprise completed properties held for sale in the ordinary course of business. Inventory properties are stated at the lower of cost and net realizable value.

15 TRADE AND OTHER RECEIVABLES

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Trade receivables	1,611,522	779,088
Unbilled revenue	95,787	94,137
Less: allowance for expected credit losses	<u>(217,838)</u>	<u>(200,966)</u>
	1,489,471	672,259
Advances to contractors	12,610	13,394
Retention receivables	16,544	16,213
Prepayments and other advances	139,325	56,550
Other receivables	108,642	122,732
Accrued income	15,085	-
Less: allowance for expected credit losses on advances and other receivables	<u>(6,035)</u>	<u>(6,035)</u>
	<u>1,775,642</u>	<u>875,113</u>
Non-current	927,655	411,786
Current	<u>847,987</u>	<u>463,327</u>
	<u>1,775,642</u>	<u>875,113</u>

Expected credit loss of AED 223,873 thousand (31 December 2022: AED 207,001 thousand) is recorded against trade and other receivables. The discounting impact on non-current receivables is AED 91,088 thousand (31 December 2022: AED 65,353 thousand).

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

16 DEVELOPMENT WORK IN PROGRESS

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Reem Island	1,062,904	1,170,635
Al Sadu Project - Abu Dhabi	379,733	379,733
Barary Ain Al Fayda	223,621	221,298
Others	<u>66,034</u>	<u>54,642</u>
	1,732,292	1,826,308
Impairment allowance	<u>(549,517)</u>	<u>(549,517)</u>
	<u>1,182,775</u>	<u>1,276,791</u>

Movement during the period / year is as follows:

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
At the beginning of the period / year	1,826,308	1,590,171
Acquired in business combinations	-	5,189
Additions during the period / year	106,332	233,845
Derecognized during the period / year	(184,657)	(2,897)
Transferred to associate during the period / year (note 12)	<u>(15,691)</u>	<u>-</u>
	1,732,292	1,826,308
Less: provision for impairment loss	<u>(549,517)</u>	<u>(549,517)</u>
At the end of the period / year	<u>1,182,775</u>	<u>1,276,791</u>

17 CASH AND BANK BALANCES

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Current and call accounts	694,848	574,974
Term deposits*	1,085,657	1,239,865
Margin accounts	<u>51,522</u>	<u>13,294</u>
Cash and bank balances	1,832,027	1,828,133
Less: restricted cash**	(620,275)	(269,700)
Less: bank overdrafts	(11,255)	-
Less: term deposits with an original maturity of more than three months	(952,972)	(508,865)
Less: margin deposits with an original maturity of more than three months	<u>(51,522)</u>	<u>(13,294)</u>
	196,003	1,036,274
Add: cash and bank balances attributable to discontinued operations	<u>2,048</u>	<u>2,048</u>
Cash and cash equivalents	<u>198,051</u>	<u>1,038,322</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

17 CASH AND BANK BALANCES continued

Cash and cash equivalents as at 30 June 2022 (unaudited) amounted to AED 1,059,383 thousand.

*Term deposits are placed with commercial banks. These are mainly denominated in the AED and earn interest at market rates. These deposits have original maturity between 1 to 12 months.

**Restricted cash included funds received as an advance against sale of plots in Reem Island and Al Ain.

18 ASSETS HELD FOR SALE

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Paragon Malls LLC	512,956	512,931
C13	385,118	385,118
Holiday Inn Abu Dhabi	142,080	142,080
Dana Hospitality	8,317	8,317
Traditional Souq *	<u>-</u>	<u>871,305</u>
	<u>1,048,471</u>	<u>1,919,751</u>

* In 2022, the Group entered into an agreement for the sale of Traditional Souq, Abu Dhabi to the Department of Culture and Tourism for a total consideration of AED 1,079,472 thousand. The amount will be received in four equal annual instalments. The sale agreement has finalised during the period ended 30 June 2023 which resulted in the derecognition of the asset and a gain on sale being recorded amounting to AED 182,361 thousand.

19 SHARE CAPITAL

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Authorised, issued and fully paid</i>		
6,855,598,886 shares of AED 1 each	<u>6,855,599</u>	<u>6,855,599</u>

20 TRADE AND OTHER PAYABLES

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Trade payables	221,193	248,320
Advances from customers	1,288,177	1,254,735
Retention payables	80,676	113,187
Provision for infrastructure construction costs	182,799	246,990
Deferred revenue	353,220	462,983
Accrued expenses	115,008	217,309
Dividends payable	24,507	24,603
Accrued interest	7,612	412
Other payables	<u>177,367</u>	<u>235,166</u>
	<u>2,450,559</u>	<u>2,803,705</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

21 TRADE AND OTHER PAYABLES continued

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Non-current	7,530	15,013
Current	<u>2,443,029</u>	<u>2,788,692</u>
	<u>2,450,559</u>	<u>2,803,705</u>

21 LOANS AND BORROWINGS

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Term loans	1,488,572	1,575,779
Islamic financing facilities	211,171	219,085
Bank overdrafts	<u>11,255</u>	<u>-</u>
	<u>1,710,998</u>	<u>1,794,864</u>

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

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Current	236,895	212,294
Non-current	<u>1,474,103</u>	<u>1,582,570</u>
Total	<u>1,710,998</u>	<u>1,794,864</u>

22 RELATED PARTY BALANCES AND TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as defined in International Accounting Standard (IAS) 24 Related Party Disclosures. These represent transactions with related parties, i.e. shareholders, associates, affiliates, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

22 RELATED PARTY BALANCES AND TRANSACTIONS continued

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

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Amounts due from related parties:</i>		
Projects International Dubai	6,868	6,868
Connection Real Estate	5,905	5,905
SKM - Q LLC	3,635	3,635
Entities under common control	525,361	417,335
Others	<u>1,929</u>	<u>1,929</u>
	543,698	435,672
Provision for expected credit losses	<u>(293,742)</u>	<u>(293,119)</u>
	<u>249,956</u>	<u>142,553</u>
<i>Amounts due to related parties:</i>		
Center for Excellence for Applied Research and training	28,256	28,256
Lootah BCGas	8,467	8,467
Salvatkore Sakr	8,277	8,277
GSE Power Systems, Inc	8,065	8,065
Emirates Link Group	4,661	4,661
Entities under common control	471,150	502,123
Others	<u>69</u>	<u>69</u>
	<u>528,945</u>	<u>559,918</u>
<i>Other related parties:</i>		
Balances with a financial institution	<u>1,000,885</u>	<u>909,739</u>
Loans from a financial institution	<u>1,488,572</u>	<u>1,575,780</u>
Investments carried at fair value through profit or loss held in entities	<u>1,894,494</u>	<u>2,295,442</u>

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2023 AED '000</i>	<i>2022 AED '000</i>	<i>2023 AED '000</i>	<i>2022 AED '000</i>
Gain on transfer of land plots to a related party	<u>39,500</u>	<u>-</u>	<u>39,500</u>	<u>-</u>
Gain on transfer of land plots to an associate	<u>-</u>	<u>-</u>	<u>45,040</u>	<u>-</u>
Sales	<u>3,756</u>	<u>5,763</u>	<u>8,740</u>	<u>10,159</u>
Purchases	<u>59,072</u>	<u>20,702</u>	<u>72,669</u>	<u>33,928</u>

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

22 RELATED PARTY BALANCES AND TRANSACTIONS continued

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Management compensation	4,230	2,126	7,533	4,390
Employees' end of service benefits	250	48	371	510
	<u>4,480</u>	<u>2,174</u>	<u>7,904</u>	<u>4,900</u>

23 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of shares outstanding during the period.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Profit attributable to ordinary equity holders of the parent (AED '000)	<u>511,548</u>	<u>525,772</u>	<u>196,989</u>	<u>653,353</u>
Weighted average number of ordinary shares issued (shares in '000)	<u>6,855,599</u>	<u>5,942,356</u>	<u>6,855,599</u>	<u>5,725,274</u>
Earnings per share (AED)	<u>0.07</u>	<u>0.09</u>	<u>0.03</u>	<u>0.11</u>

24 CONTINGENCIES AND COMMITMENTS

	<i>30 June 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Contingencies:		
As at reporting date, the following contingent liabilities were outstanding:		
Bank guarantees	<u>77,531</u>	<u>77,756</u>
Capital commitments:		
As at reporting date, the capital commitments relate to the following:		
Construction of infrastructure	<u>1,283,737</u>	<u>538,410</u>
Investment commitments	<u>9,256</u>	<u>14,163</u>

24 CONTINGENCIES AND COMMITMENTS continued

Litigations

One of the Group's subsidiaries is a defendant in a lawsuit in Egypt where the plaintiff asserts that it is entitled to receive the remaining purchase price in respect of the alleged breach of a contract for the sale of a number of units in a touristic development project. The Court of First Instance has rendered a judgement against that subsidiary to deliver its contractual obligations; the subsidiary is currently appealing the judgement in the Egyptian Court of Appeals. The subsidiary sought legal advice on the claim and the related judgement and has been advised by its legal counsel that the claim lacks merit and has a relatively high probability of success of being overturned via the appeals process or any of the litigation proceedings. Whilst the quantum of damages sought are significant, the Group's subsidiary and its legal counsel are confident that the judgement will be overturned in the Court of Appeals and, in the unlikely event that the judgement is not overturned, and becomes at a later stage final and enforceable, the subsidiary will receive the units in the touristic development.

25 SEGMENT REPORTING

For operating purposes, the Group is organised into business segments as follows:

Real estate includes the district cooling and air conditioning, investment in infrastructure projects, landscaping design and execution and sale of properties.

Hospitality includes commercial and contracting services contract relates to hotel business.

Labour accommodation includes providing services with respect to labour camp rental, management services, sale of food and cafeteria items.

Investments include the financial investments in equity securities, managed funds, bonds and other investments and securities within UAE and abroad.

Q Holding PSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

25 SEGMENT REPORTING continued

Others (unallocated) includes head office expenses, income and other assets and liabilities not allocated to any segment.

	<i>Real estate AED'000</i>	<i>Hospitality AED'000</i>	<i>Labour accomod- ation AED'000</i>	<i>Invest- ments AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Six month period ended						
<i>30 June 2023 (Unaudited)</i>						
Income	356,296	3,835	142,835	104,789	2,285	610,040
Gain on sale of asset held for sale	182,361	-	-	-	-	182,361
Other Income	155,046	-	-	-	-	155,046
Expenses	(256,539)	(6,508)	(67,015)	-	(7,515)	(337,577)
Depreciation and amortisation	(4,537)	(704)	(6,387)	-	(308)	(11,936)
Depreciation on right-of-use-assets	-	-	(1,708)	-	-	(1,708)
Changes in the fair value of investments carried at fair value through profit or loss	-	-	-	(374,764)	-	(374,764)
Share of loss on investment in joint ventures and associates	-	-	-	(871)	-	(871)
Finance (costs) income, net	(25,864)	(3)	(18,220)	37,953	(5)	(6,139)
Net segment results	<u>406,763</u>	<u>(3,380)</u>	<u>49,505</u>	<u>(232,893)</u>	<u>(5,543)</u>	<u>214,452</u>
Six month period ended						
<i>30 June 2022 (Unaudited)</i>						
Income	242,450	4,755	156,348	31,255	26	434,834
Expenses	(98,902)	(7,545)	(61,081)	-	(1,230)	(168,758)
Depreciation and amortization	(2,555)	(544)	(5,272)	-	(5)	(8,376)
Depreciation on right-of-use-assets	-	-	(1,700)	-	-	(1,700)
Finance costs, net	(52,745)	-	(23,395)	1,906	(4)	(74,238)
Provision for impairment loss on non-financial assets	(472,810)	-	-	-	-	(472,810)
Changes in the fair value of investments carried at fair value through profit or loss	-	-	-	(249,782)	-	(249,782)
Share of loss on investment in joint ventures and associates	-	-	-	(598)	-	(598)
Loss on disposal / liquidation of investment in subsidiaries, net	-	-	-	-	(14,329)	(14,329)
Provisional bargain purchase gain on acquisition of a subsidiary	1,231,810	-	-	-	-	1,231,810
Net segment results	<u>847,248</u>	<u>(3,334)</u>	<u>64,900</u>	<u>(217,219)</u>	<u>(15,542)</u>	<u>676,053</u>
At 30 June 2023 (Unaudited)						
Segment assets	<u>12,133,845</u>	<u>317,191</u>	<u>3,557,230</u>	<u>3,076,598</u>	<u>232,313</u>	<u>19,317,178</u>
Segment liabilities	<u>2,464,789</u>	<u>338,939</u>	<u>1,700,979</u>	<u>24,507</u>	<u>300,092</u>	<u>4,829,306</u>
At 31 December 2022 (Audited)						
Segment assets	<u>11,962,021</u>	<u>231,894</u>	<u>3,562,296</u>	<u>3,463,156</u>	<u>322,377</u>	<u>19,541,744</u>
Segment liabilities	<u>2,970,232</u>	<u>249,922</u>	<u>1,755,549</u>	<u>27,609</u>	<u>290,579</u>	<u>5,293,891</u>

26 COMPARATIVES

Certain comparative figures have been reclassified in the interim consolidated statement of financial position and interim consolidated statement of comprehensive income to confirm to the current period's presentation. These reclassifications have no impact on previously reported profit or equity of the Group.