

الواحة كابيتال  
WAHA CAPITAL



# Q1 REPORT

Report and condensed consolidated financial information  
for the three month period ended 31 March 2019

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## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

### AL WAHA CAPITAL PJSC

#### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Al Waha Capital PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 31 March 2019 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information 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 condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34.

#### *Other matter*

The financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 February 2019.

The condensed financial statements of the Group for the period ended 31 March 2018 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 10 May 2018.



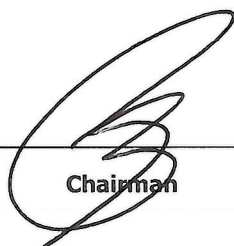
Signed by  
Mohammad Mobin Khan  
Partner  
Ernst & Young  
Registration No. 532

9 May 2019  
Abu Dhabi

## Condensed consolidated statement of financial position

	Note	As at 31 March 2019 (Unaudited) AED '000	As at 31 December 2018 (Audited) AED '000
<b>ASSETS</b>			
Furniture and equipment		68,972	72,695
Right-of-use assets	3	194,861	-
Investment property	6	753,566	753,566
Goodwill and intangible assets		105,516	107,719
Investments in finance leases		-	2,903
Loan investments		232,963	232,963
Investments in equity-accounted associates and joint ventures	7	3,618,048	4,200,967
Financial investments	8	5,669,701	5,418,628
Inventories		11,336	9,728
Trade and other receivables	9	405,110	443,270
Cash and cash equivalents		391,618	428,970
<b>Total assets</b>		<b>11,451,691</b>	<b>11,671,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,944,515	1,944,515
Treasury shares		(267,184)	(267,184)
Retained earnings		1,212,099	1,407,829
Reserves		318,400	494,002
<b>Equity attributable to the Owners of the Company</b>		<b>3,207,830</b>	<b>3,579,162</b>
Non-controlling interests		980,782	970,768
<b>Total equity</b>		<b>4,188,612</b>	<b>4,549,930</b>
<b>Liabilities</b>			
Borrowings	11	6,435,475	6,463,768
End of service benefit provision		34,445	33,969
Derivative liabilities	12	45,897	36,304
Lease liabilities	3	194,719	-
Trade and other liabilities	13	552,543	587,438
<b>Total liabilities</b>		<b>7,263,079</b>	<b>7,121,479</b>
<b>Total equity and liabilities</b>		<b>11,451,691</b>	<b>11,671,409</b>

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 9 May 2019 and signed on their behalf by:



Chairman



Chief Executive Officer



Chief Financial Officer

## Condensed consolidated statement of profit or loss

### For the three month period ended 31 March

	Note	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
Revenue from sale of goods and services	14	85,264	72,011
Cost of sale of goods and services	14	(62,312)	(53,043)
<b>Gross profit</b>		<b>22,952</b>	18,968
Share of profit from equity-accounted associates and joint ventures, <i>net</i>	7	79,856	140,072
Impairment of equity-accounted associates and joint ventures	7	(100,036)	(61,804)
(Loss) / gain on disposal of equity-accounted associates and joint ventures	7	(94,965)	25,027
Income from financial investments	15	220,033	124,487
Other (expense) / income, <i>net</i>		(262)	13,838
General and administrative expenses	16	(70,527)	(69,266)
Finance cost, <i>net</i>	17	(49,905)	(34,865)
<b>Profit for the period</b>		<b>7,146</b>	156,457
<b>(Loss) / profit for the period attributable to:</b>			
Owners of the Company		(57,842)	107,351
Non-controlling interests		64,988	49,106
<b>Profit for the period</b>		<b>7,146</b>	156,457
<b>Basic and diluted (loss) / earnings per share attributable to the Owners of the Company (AED)</b>	10	<b>(0.031)</b>	0.058

The notes numbered 1 to 20 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated statement of profit or loss and other comprehensive income

For the three month period ended 31 March	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
<b>Profit for the period</b>	<b>7,146</b>	156,457
<b>Other comprehensive (loss) / income</b>		
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>		
Share of effective portion of changes in fair value of cash flow hedges (note 8)	<b>(189,764)</b>	102,358
Hedge reserve reclassification for amounts recognised in profit or loss (note 15)	<b>39,427</b>	49,152
Share of change in other reserves of equity-accounted associates and joint ventures (note 7)	<b>(25,822)</b>	9,284
Release of share of other reserves of equity-accounted associates and joint ventures upon disposal	<b>557</b>	(1,217)
	<b>(175,602)</b>	159,577
<b>Total comprehensive (loss)/ income for the period</b>	<b>(168,456)</b>	316,034
<b>Total comprehensive (loss) / income attributable to:</b>		
Owners of the Company	<b>(233,444)</b>	266,928
Non-controlling interests	<b>64,988</b>	49,106
<b>Total comprehensive (loss) / income for the period</b>	<b>(168,456)</b>	316,034

The notes numbered 1 to 20 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated statement of changes in equity

For the three month period ended 31 March

	Share capital AED '000	Treasury shares AED '000	Retained earnings AED '000	Statutory reserve AED '000	Revaluation reserve AED '000	Hedge reserve AED '000	Other reserves AED '000	Total reserves AED '000	Equity attributable to Owners of the Company AED '000	Non-controlling interests AED '000	Total equity AED '000
At 1 January 2018 (as reported)	1,944,515	(267,184)	1,725,713	472,491	4,337	(500,557)	966	(22,763)	3,380,281	789,569	4,169,850
Impact of adoption of new accounting standards	-	-	(100,666)	-	(4,337)	-	-	(4,337)	(105,003)	(3,818)	(108,821)
At 1 January 2018 (restated)	1,944,515	(267,184)	1,625,047	472,491	-	(500,557)	966	(27,100)	3,275,278	785,751	4,061,029
Profit for the period	-	-	107,351	-	-	-	-	-	107,351	49,106	156,457
Other comprehensive income	-	-	-	-	-	151,510	8,067	159,577	159,577	-	159,577
Total comprehensive income	-	-	107,351	-	-	151,510	8,067	159,577	266,928	49,106	316,034
Cash dividend (note 10)	-	-	(321,739)	-	-	-	-	-	(321,739)	-	(321,739)
Acquisition of non-controlling interests	-	-	(1,097)	-	-	-	-	-	(1,097)	(9,597)	(10,694)
Contributions from non-controlling interest, net	-	-	-	-	-	-	-	-	-	18,412	18,412
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,061)	(7,061)
<b>At 31 March 2018 (Unaudited) (Restated)</b>	<b>1,944,515</b>	<b>(267,184)</b>	<b>1,409,562</b>	<b>472,491</b>	<b>-</b>	<b>(349,047)</b>	<b>9,033</b>	<b>132,477</b>	<b>3,219,370</b>	<b>836,611</b>	<b>4,055,981</b>
At 1 January 2019	1,944,515	(267,184)	1,407,829	486,991	-	(15,866)	22,877	494,002	3,579,162	970,768	4,549,930
(Loss) / profit for the period	-	-	(57,842)	-	-	-	-	-	(57,842)	64,988	7,146
Other comprehensive loss	-	-	-	-	-	(150,337)	(25,265)	(175,602)	(175,602)	-	(175,602)
Total comprehensive (loss) / profit	-	-	(57,842)	-	-	(150,337)	(25,265)	(175,602)	(233,444)	64,988	(168,456)
Cash dividend (note 10)	-	-	(137,888)	-	-	-	-	-	(137,888)	-	(137,888)
Redemptions by non-controlling interest (note 5)	-	-	-	-	-	-	-	-	-	(54,974)	(54,974)
<b>At 31 March 2019 (Unaudited)</b>	<b>1,944,515</b>	<b>(267,184)</b>	<b>1,212,099</b>	<b>486,991</b>	<b>-</b>	<b>(166,203)</b>	<b>(2,388)</b>	<b>318,400</b>	<b>3,207,830</b>	<b>980,782</b>	<b>4,188,612</b>

The notes numbered 1 to 20 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated statement of cash flows

For the three month period ended 31 March

	Note	2019 AED '000	2018 AED '000
<b>Cash flows from operating activities</b>			
Profit for the period		7,146	156,457
<b>Adjustments for:</b>			
Depreciation on furniture and equipment		5,070	4,651
Depreciation on right-of-use assets		5,685	-
Finance cost, <i>net</i>	17	49,905	34,865
Charge for employees' end of service benefits		1,833	2,104
Gain on valuation of financial assets at fair value through profit or loss		(262,688)	(168,588)
Loss on reclassification of hedge reserve on maturity	15	39,427	49,152
Share of profit from equity-accounted associates and joint ventures, <i>net</i>	7	(79,856)	(140,072)
Impairment of equity-accounted associates and joint ventures	7	100,036	61,804
Loss / (gain) on disposal of equity-accounted associates and joint ventures	7	94,965	(25,027)
Dividend from equity-accounted associates and joint ventures	7	2,876	6,425
Amortisation and write off of intangible assets		2,203	2,294
Reversal of provision against slow moving inventories		-	(24)
Provision for expected credit losses		2,855	7,528
Investment in equity-accounted associates and joint ventures		(87,500)	-
Investments in financial assets at FVTPL		(168,556)	(358,749)
Loans obtained for financial assets at FVTPL		234,943	384,504
Finance cost paid on loans obtained against financial assets at FVTPL		(16,291)	(8,913)
Interest paid on lease liabilities		(3,591)	-
Proceeds on disposal of associates and joint ventures, <i>net</i>		474,970	872,086
<b>Changes in working capital:</b>			
Change in inventories		(1,608)	(1,352)
Change in trade and other receivables		32,329	(369,736)
Change in trade and other liabilities		20,054	352,245
<b>Net cash generated from operations</b>		<b>454,207</b>	<b>861,654</b>
Employees' end of service benefits paid		(1,357)	(1,395)
<b>Net cash generated from operating activities</b>		<b>452,850</b>	<b>860,259</b>
<b>Cash flows from investing activities</b>			
Payments made for development of investment property		-	(3,483)
Purchase of furniture and equipment, <i>net</i>		(1,347)	(5,380)
Proceeds from finance leases		2,858	1,939
Wakala deposit redeemed		-	25,000
Interest received		310	1,669
<b>Net cash generated from investing activities</b>		<b>1,821</b>	<b>19,745</b>
<b>Cash flows from financing activities</b>			
Finance cost paid on borrowings		(22,621)	(16,417)
Principal paid on lease liabilities		(3,006)	-
Loans repaid		(447,592)	(680,312)
Loans obtained	11	174,058	205,192
Dividends paid	10	(137,888)	(321,739)
(Redemptions) / contributions of non-controlling interest holders, <i>net</i>		(54,974)	18,412
Distributions paid to non-controlling interest holders		-	(259)
<b>Net cash used in financing activities</b>		<b>(492,023)</b>	<b>(795,123)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(37,352)</b>	<b>84,881</b>
Cash and cash equivalents at 1 January		428,970	519,626
<b>Cash and cash equivalents at 31 March</b>		<b>391,618</b>	<b>604,507</b>

The notes numbered 1 to 20 are an integral part of these condensed consolidated financial statements.



## Notes to the condensed consolidated financial statements

### 1 Legal status and principal activities

Al Waha Capital PJSC ("the Company") is a public joint stock company with limited liability, formed in the Emirate of Abu Dhabi, United Arab Emirates, by Emiri Decree No. 10 dated 20 May 1997 and incorporated on 12 July 1997.

These condensed consolidated financial statements for the three month period ended 31 March 2019 comprise the results and financial position of the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities ("associates and joint ventures").

The Group invests in a wide range of sectors, including aviation leasing, financial services, capital markets, industrial real estate, infrastructure, healthcare, oil and gas, fintech and maritime services.

The Group's consolidated financial statements for the year ended 31 December 2018 are available on its website [www.wahacapital.ae](http://www.wahacapital.ae) and also upon request at the Company's registered office at P.O. Box 28922, Etihad Towers, 42nd floor, Tower 3, Abu Dhabi, UAE.

### 2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018. Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the condensed consolidated financial statements.

### 3 Significant accounting policies

The significant accounting policies, risk management principles, methods of computation and estimates applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### New and revised IFRSs effective in 2019

The Group has applied, for the first time, several new standards and amendments in 2019, as stated below:

- IFRS 16 *Leases*
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23
- Amendment to IFRS 9 *Financial Instruments* regarding prepayment features with negative compensation
- IFRIC 23 *Uncertainty over income tax treatments*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* regarding application of IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture
- Amendments to IAS 19 *Employee Benefits* Plan Amendment, Curtailment or Settlement

The adoption of these standards have no material impact on the condensed consolidated financial statements of the Group, except for the adoption IFRS 16 *Leases*, the nature and effect of the changes are disclosed below.

#### IFRS 16 *Leases*

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to apply the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

## Notes to the condensed consolidated financial statements

### 3 Significant accounting policies (continued)

#### New and revised IFRSs effective in 2019 (continued)

##### **IFRS 16 Leases (continued)**

The Group has various lease contracts, where prior to the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. The leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'Accounts receivable and prepayments' and 'Accounts payable and accruals' respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

##### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### ***Significant judgement in determining the lease term of contracts with renewal options***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

## Notes to the condensed consolidated financial statements

### 3 Significant accounting policies (continued)

#### New and revised IFRSs effective in 2019 (continued)

#### IFRS 16 Leases (continued)

The effect of adoption of IFRS 16 as at 1 January 2019 is as follows:

	<b>AED `000</b>
<b>Assets</b>	
Right-of-use assets	200,546
Prepayments	(2,821)
	197,725
<b>Liabilities</b>	
Lease liabilities	197,725

Operating lease commitments can be reconciled to lease liabilities as at 1 January 2019 as follows:

	<b>AED `000</b>
<b>Operating lease commitments as at 31 December 2018</b>	422,340
Incremental borrowing rate as at 1 January 2019	5.00% - 7.02%
Discounted operating lease commitments at 1 January 2019	198,295
Adjustment of commitments relating to leases of low value assets	(570)
<b>Lease liabilities as at 1 January 2019</b>	197,725

The movement in the Group's right-of-use assets and lease liabilities during the period is as follows:

	<b>Right-of- use assets AED `000</b>	<b>Lease liabilities AED`000</b>
<b>As at 1 January 2019</b>	200,546	197,725
Depreciation expense	(5,685)	-
Interest expense	-	3,591
Payments	-	(6,597)
<b>As at 31 March 2019</b>	194,861	194,719

## Notes to the condensed consolidated financial statements (continued)

### 4 Fair values

#### a Fair value hierarchy

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

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable for the asset or liability.

	31 March 2019 (Unaudited) AED `000				31 December 2018 (Audited) AED `000			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>								
<b>Financial assets at FVTPL</b>								
Listed equity securities	1,531,322	1,531,322	-	-	1,465,909	1,465,909	-	-
Other investment in equity securities	6,125	-	-	6,125	6,409	-	-	6,409
Investment in listed fixed income securities	3,628,936	3,628,936	-	-	3,274,064	3,274,064	-	-
Derivative assets	52,863	-	52,863	-	43,773	-	43,773	-
Money market funds	73,569	73,569	-	-	3,676	3,676	-	-
Options	210,881	-	-	210,881	213,200	-	-	213,200
Reverse repurchase contracts	51,969	-	51,969	-	105,486	-	105,486	-
Unquoted fund	49,676	-	-	49,676	51,987	-	-	51,987
<b>Derivatives designated and effective as hedging instruments carried at fair value</b>								
Equity price collar	64,360	-	64,360	-	254,124	-	254,124	-
<b>Total</b>	<b>5,669,701</b>	<b>5,233,827</b>	<b>169,192</b>	<b>266,682</b>	<b>5,418,628</b>	<b>4,743,649</b>	<b>403,383</b>	<b>271,596</b>
<b>Financial liabilities</b>								
<b>Financial liabilities at FVTPL</b>								
Derivative liabilities	(45,897)	-	(45,897)	-	(36,304)	-	(36,304)	-
<b>Total</b>	<b>(45,897)</b>	<b>-</b>	<b>(45,897)</b>	<b>-</b>	<b>(36,304)</b>	<b>-</b>	<b>(36,304)</b>	<b>-</b>

There has been no transfers between Level 1 and Level 2 during the period.

## Notes to the condensed consolidated financial statements (continued)

### 4 Fair values (continued)

#### a Fair value hierarchy (continued)

As at the end of the reporting period, the Group held the following financial assets and liabilities at fair value:

	<b>31 March 2019 (Unaudited) AED '000</b>	31 December 2018 (Audited) AED '000	<b>Fair value hierarchy</b>	<b>Valuation technique</b>
<b>Financial assets at fair value through profit or loss</b>				
a	<b>1,531,322</b>	1,465,909	Level 1	Quoted bid prices in an active market.
b	<b>6,125</b>	6,409	Level 3	Valuation is based on Net Asset Values (NAV).
c	<b>3,628,936</b>	3,274,064	Level 1	Quoted bid prices in an active market.
d	<b>51,969</b>	105,486	Level 2	The valuation is based on broker quotes.
e	<b>52,863</b>	43,773	Level 2	The valuation is based on broker quotes.
f	<b>73,569</b>	3,676	Level 1	Valuation is based on quoted market prices in an active market, which represent the Net Assets Value (NAV) of shares held
g	<b>210,881</b>	213,200	Level 3	Black-Scholes model with company-specific data for EBITDA along with market observable inputs, mainly market volatilities, valuation multiples of comparable peers
h	<b>49,676</b>	51,987	Level 3	Valuation is based on Net Asset Values (NAV) of the fund calculated by the fund manager.
<b>Derivatives designated and effective as hedging instruments carried at fair value</b>				
a	<b>64,360</b>	254,124	Level 2	Black-Scholes model with market observable inputs, mainly share price and market volatilities of the underlying shares.
<b>Financial liabilities at fair value through profit or loss</b>				
a	<b>(45,897)</b>	(36,304)	Level 2	The valuation is based on broker quotes.

## Notes to the condensed consolidated financial statements (continued)

### 4 Fair values (continued)

#### a Fair value hierarchy (continued)

##### Reconciliation of level 3 fair value movements

	<b>Three-month period ended 31 March 2019 (Unaudited) AED '000</b>	Year ended 31 December 2018 (Audited) AED '000
At 1 January	271,596	70,075
Additions during the period / year	-	123,849
(Decrease) / increase in fair value through profit or loss	(4,914)	77,672
	<b>266,682</b>	<b>271,596</b>

#### b Fair values of financial assets and liabilities measured at amortised cost

The fair values of financial assets and liabilities approximate their carrying amounts.

### 5 Non-controlling interests

During the period, the Group redeemed AED 25,746 thousand from Waha MENA Equity Fund SP (31 March 2018: the Group invested an amount of AED 66,204) and non-controlling interest holders redeemed AED nil (31 March 2018: non-controlling interest holders invested an amount of AED 8,092 thousand), resulting in a decrease in the Group's ownership from 51.99% to 51.43%; the Group redeemed AED 18,390 thousand from Waha CEEMEA Credit Fund SP (31 March 2018: the Group invested AED 44,136 thousand) and non-controlling interest holders redeemed AED 55,091 thousand (31 March 2018: non-controlling interest holders invested an amount of AED 2,566 thousand), resulting in an increase in the Group's ownership from 66.02% to 69.48%; the Group invested AED 44,136 thousand into Waha MENA Value Fund SP (31 March 2018: the Group invested AED nil), and non-controlling interest holders invested AED nil (31 March 2018: AED nil), resulting in an increase in the Group's ownership from 99.78% to 99.82%

### 6 Investment property

The movement of investment property is presented below:

	<b>Three-month period ended 31 March 2019 (Unaudited) AED '000</b>	Year ended 31 December 2018 (Audited) AED '000
At 1 January	753,566	758,666
Additions	-	35,692
Fair value loss	-	(40,792)
	<b>753,566</b>	<b>753,566</b>

The investment property is categorised into level 3 of the fair value hierarchy based on the inputs to the valuation technique accepted by the Royal Institute of Chartered Surveyors. The valuation, as of 31 March 2019 has been determined by management by reference to the valuation carried out on 31 December 2018, performed by accredited independent appraisers. In estimating the fair value, the current use of the property was deemed to be its highest and best use.

## Notes to the condensed consolidated financial statements (continued)

### 7 Investments in equity-accounted associates and joint ventures

The movement of investments in equity-accounted associates and joint ventures is presented below:

	<b>Three-month period ended 31 March 2019 (Unaudited) AED '000</b>	Year ended 31 December 2018 (Audited) AED '000
As at 1 January (as reported)	4,200,967	5,321,224
Impact of adoption of new accounting standards	-	(97,881)
As at 1 January (restated)	4,200,967	5,223,343
Additions <sup>1</sup>	105,310	412,128
Disposals <sup>2</sup>	(584,402)	(1,869,544)
Share of profit, net	79,856	540,401
Impairment loss <sup>3</sup>	(100,036)	(294,695)
Reclassified from financial investments	-	188,773
Share of equity reserves	(25,822)	26,292
Distributions received	(2,876)	(25,731)
Other adjustment <sup>4</sup>	(54,949)	-
	<b>3,618,048</b>	<b>4,200,967</b>

<sup>1</sup> During the period, National Energy Services Reunited Corp ("NESR") issued additional shares to the Group amounting AED 17,340 thousand upon meeting certain earn-out criteria. Consequent to issuance of earn-out shares, the Group's ownership increased from 5.8% to 6.3%

During the period, the Group injected AED 87,500 thousand in Dunia Finance.

<sup>2</sup> During the period, the Group disposed 3.0 million shares equivalent to 2.1% stake in its equity accounted associate investment in Aercap Holdings N.V. ("Aercap") for a consideration of AED 489,994 thousand, resulting in the recognition of loss on disposal of AED 94,965 thousand in the consolidated statement of profit or loss. Consequently, the Group's stake in Aercap reduced from 12.0% to 9.9%.

During the period, Aercap carried out a share buyback program, which the Group did not participate in. Consequently, the Group's beneficial ownership increased from 9.9% to 10.3%. The Group holds two seats on AerCap's Board of Directors, as well as representation on the various Board sub-committees on which it currently serves; in addition to its 10.30% equity ownership. Accordingly, the Group's investment in Aercap is classified as an equity-accounted associate.

<sup>3</sup> The investment in Aercap was tested for impairment following the evidence of a prolonged period of its share price trading at reducing multiple, among other relevant factors. The recoverable amount was determined using the higher of its fair value less cost to sell and value in use, considering successive settlements of the Group's equity price collars in Aercap shares when due, at an estimated exit multiple with a discount rate equivalent to the Group's cost of capital.

<sup>4</sup> Other adjustment relates to the reduction of AED 54,949 thousand of the cost of investment in Petronash Global Limited ("Petronash") against deferred contingent consideration which was dependent on achievement of certain performance criteria in the subscription agreement.

Investment in equity-accounted associates and joint ventures domiciled outside the UAE amount to AED 2,963,540 thousand (31 December 2018: AED 3,550,186 thousand).

The Group's investments with a carrying amount of AED 2,751,340 thousand (31 December 2018: AED 3,358,992 thousand) are collateralised against the Group's borrowings (note 11).

## Notes to the condensed consolidated financial statements (continued)

### 8 Financial investments

	<b>31 March 2019 (Unaudited) AED '000</b>	31 December 2018 (Audited) AED '000
<b>Financial assets at fair value through other comprehensive income</b>		
Equity price collar <sup>1</sup>	<b>64,360</b>	254,124
<b>Financial assets at fair value through profit or loss</b>		
Unquoted fund	<b>49,676</b>	51,987
Options <sup>2</sup>	<b>210,881</b>	213,200
Derivative assets <sup>3</sup>	<b>52,863</b>	43,773
Reverse repurchase contracts, net <sup>4</sup>	<b>51,969</b>	105,486
Listed fixed income securities <sup>5</sup>	<b>3,628,936</b>	3,274,064
Listed equity securities <sup>6</sup>	<b>1,531,322</b>	1,465,909
Money market funds <sup>7</sup>	<b>73,569</b>	3,676
Other investments	<b>6,125</b>	6,409
	<b>5,669,701</b>	5,418,628

<sup>1</sup>The Group carries equity price collars on its 13.92 million shares equivalent to 10.15% stake in AerCap, at floor and cap prices in the range of US\$ 39.38 and US\$ 63.45 – 70.02 per share respectively. The equity price collars have been designated as cash flow hedging instruments, hedging the cash proceeds on a highly probable future sale of the shares, and accounted for as at fair value through other comprehensive income. During the period, the Group recognised a fair value loss of AED 189,764 thousand (31 March 2018: gain of AED 102,358 thousand) on cash flow hedges through other comprehensive income.

<sup>2</sup>Further to the acquisition of Petronash, the Group also acquired additional rights in the form of options and warrants (the Options), pursuant to which the Group can increase its ownership up to 50% effective from 10 October 2018. Upon initial recognition, the fair value of the Options was deferred as unearned income and is recycled into profit and loss account over the life of the Options. Subsequently, the changes in the fair value on the re-measurement are recognised in the statement of profit and loss account.

<sup>3</sup>Derivative assets held by the Group include interest rate swaps, total return swaps, credit default swaps and currency futures and have a notional value of AED 2,045,418 thousand (31 December 2018: AED 2,121,224 thousand).

<sup>4</sup>Reverse repurchase contracts are shorted simultaneously. The carrying amounts presented are net of reverse repurchase receivables of AED 2,252,613 thousand and corresponding liabilities of AED 2,200,644 thousand (31 December 2018: reverse repurchase receivables of AED 2,458,347 thousand and corresponding liabilities of AED 2,352,861 thousand). The repurchase agreements are subject to a master netting agreement.

<sup>5</sup>Listed fixed income securities totalling AED 3,445,199 thousand (31 December 2018: AED 3,119,853 thousand) are pledged as security against the Group's borrowings under repurchase agreements.

<sup>6</sup>Included in the listed equity securities is a 19.50% associate investment in SDX Energy Inc. carried at AED 68,825 thousand (31 December 2018: AED 66,333 thousand), as part of the Group's venture capital activities and measured at FVTPL.

<sup>7</sup>Money market funds relate to investments in open-ended funds.



## Notes to the condensed consolidated financial statements (continued)

### 9 Trade and other receivables

	<b>31 March 2019 (Unaudited) AED `000</b>	31 December 2018 (Audited) AED `000
Trade receivables	132,303	111,453
Allowance for expected credit losses	(41,490)	(36,391)
	<b>90,813</b>	75,062
Prepayments and advances	12,301	16,845
Accrued interest	127,961	120,172
Amounts set aside for prior years dividends	36,310	36,385
Deposits under lien	1,017	36,017
Margin accounts	70,099	94,132
Other receivables	66,609	64,657
	<b>405,110</b>	443,270

### 10 Share capital and dividend

On 24 March 2019, the Company held its Annual General Meeting which, among other things, approved a cash dividend amounting to AED 137,888 thousand representing AED 0.075 per share (25 March 2018: cash dividend of AED 321,739 thousand representing AED 0.175 per share).

The basic and diluted earnings per share for the current period ended 31 March 2019 has been calculated using the weighted average number of shares outstanding during the period after considering the effect of treasury shares.

	<b>31 March 2019 (Unaudited)</b>	31 March 2018 (Audited)
<b>For the three month period ended</b>		
(Loss) / profit for the period attributable to Owners of the Company (AED `000)	<b>(57,842)</b>	107,351
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b>1,838,508,714</b>	1,838,508,714

### 11 Borrowings

The movement in borrowings is presented below:

	<b>Three-month period ended 31 March 2019 (Unaudited) AED `000</b>	Year ended 31 December 2018 (Audited) AED `000
At 1 January	6,463,768	6,584,012
Loans drawn-down	409,000	1,552,513
Loan arrangement and prepaid interest costs, net of amortisations	10,299	51,976
Loans repaid	(447,592)	(1,724,733)
	<b>6,435,475</b>	6,463,768

The investments and assets pledged to lenders as security against various facilities are the Group's interests in equity accounted investees (refer to note 7), the Group's shareholding in Al Waha Land LLC and investment in fixed income securities (refer to note 8).

## Notes to the condensed consolidated financial statements (continued)

### 11 Borrowings (continued)

During the period, an amount of AED 147,119 thousand was drawn-down from the Group's existing AED 1,839,000 thousand (US\$ 500 million) secured revolving loan facility, and AED 13,203 thousand was drawn-down from the AED 426,000 thousand secured Murabaha-Ijara based financing for further development of its light industrial real estate project.

During the period, the Group's repurchase liabilities against its investment in fixed income securities increased by AED 234,943 thousand.

Loans repaid during the current period include settlement of funding against collared assets amounting to AED 434,562 thousand, upon maturity of the corresponding equity price collars on 3.0 million shares of AerCap.

### 12 Derivative liabilities

	<b>31 March 2019 (Unaudited) AED '000</b>	31 December 2018 (Audited) AED '000
<b>Financial liabilities at fair value through profit or loss</b>		
Other derivative liabilities <sup>1</sup>	<b>45,897</b>	36,304
	<b>45,897</b>	36,304

<sup>1</sup> Other derivative liabilities held by the Group represent interest rate swaps, total return swaps, credit default swaps, and currency futures, and have a notional value of AED 29,589,395 thousand (31 December 2018: AED 27,156,690) thousand.

### 13 Trade and other liabilities

	<b>31 March 2019 (Unaudited) AED '000</b>	31 December 2018 (Audited) AED '000
Trade payables	<b>103,004</b>	59,556
Interest accrued on borrowings	<b>117,383</b>	99,611
Dividends payable	<b>39,021</b>	39,098
Long term employee incentive plans accrual	<b>25,368</b>	27,408
Deferred income	<b>106,021</b>	123,849
Other payables and accruals	<b>161,746</b>	237,916
	<b>552,543</b>	587,438

### 14 Revenue from sale of goods and services

Three month period ended 31 March	2019 (Unaudited) AED'000			2018 (Unaudited) AED'000		
	Revenue	Cost of sale	Gross profit	Revenue	Cost of sale	Gross profit
Sales of goods and services	<b>78,929</b>	<b>(61,631)</b>	<b>17,298</b>	64,706	(50,640)	14,066
Rental income	<b>6,335</b>	<b>(681)</b>	<b>5,654</b>	7,305	(2,403)	4,902
	<b>85,264</b>	<b>(62,312)</b>	<b>22,952</b>	72,011	(53,043)	18,968

Revenue and cost of sales of goods and services are mainly attributable to the healthcare operations. Rental income and direct cost of sales relate to the Group's investment property.

## Notes to the condensed consolidated financial statements (continued)

### 15 Income from financial investments

Three month period ended 31 March	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
<b>Derivatives designated and effective as hedging instruments carried at fair value</b>		
Equity price collar – Reclassification of hedge reserve on maturity (note 8)	(39,427)	(49,152)
<b>Financial assets at fair value through profit or loss</b>		
Net loss from unquoted fund	(2,311)	-
Net gain from derivatives	3,143	26,021
Net gain from listed fixed income securities	110,296	26,013
Net gain from listed equity securities	148,616	110,939
Others	(284)	10,666
	<b>220,033</b>	<b>124,487</b>

### 16 General and administrative expenses

Three month period ended 31 March	2019 (Unaudited) AED '000			2018 (Unaudited) AED '000		
	Company	Subsidiaries	Total	Company	Subsidiaries	Total
Staff costs	26,089	14,978	41,067	21,147	14,510	35,657
Legal and other professional expenses	1,372	4,547	5,919	653	5,258	5,911
Depreciation	949	4,751	5,700	340	2,921	3,261
Amortisation of intangible assets	199	2,004	2,203	184	2,110	2,294
Marketing expenses	261	598	859	373	1,341	1,714
Rental expenses	75	443	518	919	3,191	4,110
Provision for expected credit losses	-	2,855	2,855	-	7,528	7,528
Others	2,416	8,990	11,406	2,504	6,287	8,791
	<b>31,361</b>	<b>39,166</b>	<b>70,527</b>	<b>26,120</b>	<b>43,146</b>	<b>69,266</b>

### 17 Finance cost, net

Three month period ended 31 March	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
Interest on borrowings	48,091	37,823
Interest on lease liabilities	3,591	-
Amortisation of loan arrangement costs	1,118	1,118
Interest income from loan investments at amortised cost	(2,630)	(2,191)
Interest earned on time deposits	(310)	(1,669)
Interest expense / (income) from investments in finance leases	45	(216)
	<b>49,905</b>	<b>34,865</b>

## Notes to the condensed consolidated financial statements (continued)

### 18 Related parties

#### Significant transactions with related parties recognised in the statement of profit or loss:

Key management personnel compensation

#### For the three month period ended 31 March

	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
Salary and benefits	3,121	2,770
End of service and other long term benefits	248	151
	3,369	2,921

#### Significant balances with related parties:

Loan investments provided to an associate amounted to AED 12,283 thousand as at 31 March 2019 (31 December 2018: AED 12,283 thousand).

### 19 Changes in the statement of cash flows presentation

During 2018, the Group reassessed its business activities and considered the acquisition and disposal of investments a core component of its main operations. Accordingly, cash flow for the comparative period has been restated to align with the current period presentation, as follows:

AED '000	Original classification	Adjustment	As restated
<b>Cash flows from operating activities</b>			
Investments in financial assets at FVTPL	-	(358,749)	(358,749)
Loans obtained against financial assets at FVTPL	-	384,504	384,504
Finance cost paid on loans obtained against financial assets at FVTPL	-	(8,913)	(8,913)
Proceeds from disposal of associates and joint ventures, net	-	872,086	872,086
<b>Cash flows from investing activities</b>			
Purchase of investments at FVTPL, net	(358,749)	358,749	-
Proceeds from disposal of associates and joint ventures, net	329,658	(329,658)	-
<b>Cash flows from financing activities</b>			
Finance cost paid on borrowings	(25,330)	8,913	(16,417)
Loans repaid against disposal of associates and joint ventures, net	-	(542,428)	(542,428)
Loans obtained against financial assets at FVTPL	384,504	(384,504)	-

## Notes to the condensed consolidated financial statements (continued)

### 20 Operating segments

During June 2018, the Group realigned its operating segments following developments in key responsibilities of management and internal reporting. Following the realignment, the Principal Investments and Private Equity segment that holds the Group's healthcare investment, AAH, were grouped under one segment called Private Investments. Comparative periods were restated accordingly.

#### *Private Investments*

The Private Investments segment holds all of the Group's proprietary investments in diversified industries including aviation leasing, maritime, financial services, infrastructure, oil and gas, fintech, industrial real estate and healthcare.

#### *Asset Management - Capital Markets*

The Asset management- Capital Markets segment represents a platform to provide investors access to opportunities in equities and other asset management services.

#### *Corporate*

The corporate segment comprises the Group's activities, which are not allocated to reportable segments.

The following table presents revenue and profit information for the Group's operating segments for the three month period ended 31 March 2019 and 2018, respectively:

AED '000 Three-month period ended 31 March 2019 (unaudited)	Asset Management			Consolidated
	Private Investments	Capital Markets	Corporate	
Revenue from sale of goods and services	85,264	-	-	85,264
Share of profit from equity-accounted associates and joint ventures, net	79,856	-	-	79,856
Impairment of equity-accounted associates and joint ventures	(100,036)	-	-	(100,036)
Loss on disposal of equity-accounted associates and joint ventures	(94,965)	-	-	(94,965)
Income from financial investments	(24,023)	244,056	-	220,033
(Loss) / profit for the period	(169,944)	220,941	(43,851)	7,146
Other comprehensive loss	(175,602)	-	-	(175,602)
Three-month period ended 31 March 2018 (unaudited) (restated)				
Revenue from sale of goods and services	72,011	-	-	72,011
Share of profit from equity-accounted associates and joint ventures, net	140,072	-	-	140,072
Impairment of equity-accounted associates and joint ventures	(61,804)	-	-	(61,804)
Gain on disposal of equity-accounted associates and joint ventures	25,027	-	-	25,027
Income from financial investments	(59,686)	184,173	-	124,487
Profit / (loss) for the period	20,328	168,630	(32,501)	156,457
Other comprehensive income	159,577	-	-	159,577

Segment income reported above represents income generated from external customers. There was no inter-segment income during the period (2018: AED nil).

## Notes to the condensed consolidated financial statements (continued)

### 20 Operating segments (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2019 and 31 December 2018, respectively:

AED '000 As at 31 March 2019 (unaudited)	Asset Management			Consolidated
	Private Investments	Capital Markets	Corporate	
Segment assets	5,387,153	5,935,868	128,670	11,451,691
Segment liabilities	2,645,705	3,233,235	1,384,139	7,263,079
As at 31 December 2018 (audited)				
Segment assets	5,992,993	5,475,239	203,177	11,671,409
Segment liabilities	2,949,714	2,939,021	1,232,744	7,121,479