

QD US REAL ESTATE COMPANY
DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

REGISTERED NUMBER FC 031878

31 DECEMBER 2018

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QD US Real Estate Company

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QD US Real Estate Company

Strategic report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

QD US Real Estate Company's ('The Group') principal activity is that of a holding company. It has wholly owned subsidiaries whose principal activity is real estate investment.

Business review

The consolidated statement of comprehensive income is set out on page 6 and shows the result for the year. The Group made a profit of USD 9,101,193 for the year ended 31 December 2018 (2017: USD 81,582,381).

As at 31 December 2018, the Group holds the following investments in joint ventures;

- A city centre mixed use project based in downtown Washington DC. The project is known as CitycenterDC ("CCDC") and consists of two 11 storey apartment buildings for private rented sector, two 11 storey residential condominium buildings whose units have all been sold, two eleven storey office towers which are fully let with high quality long lease tenants, and 185,000 square feet of high-end retail located on the ground level of each of the towers.
- A hotel and retail project known as Conrad Washington, based in downtown Washington DC, adjacent to the mixed use CityCenterDC project. Conrad Washington project is a 360-room luxury hotel operated by Hilton Hotels & Resorts, and 30,000 square feet of high-end ground floor retail. The hotel was completed in Q2 2019.
- An office and retail building in Long Island, New York, which is minutes from midtown Manhattan via bridge or subway. This project branded as "The JACX" consists of two fully let 15-storey office towers above a 43,000 square foot podium of ground floor retail space that is fully let. The building was completed in Q4 2019.

Key performance indicators

A range of performance indicators are used to monitor and manage the business. Those that are particularly important in monitoring the Group's progress in generating value for shareholders are considered to be key performance indicators (KPIs). These KPIs measure past performance and also provide management with information to allow them to manage the business into the future. Yield on investment and profitability per square foot are among the indicators of the performance of the investments.

Income was generated from the Group's share of results from Joint Venture entities:

	2018	2017
	USD	USD
Share of profit from joint ventures	28,043,103	59,885,912
Profit for the year	9,101,193	81,582,381

Post balance sheet events

The post balance sheet events affecting the Group are disclosed within Note 13 of the consolidated financial statements.

For and on behalf of the Board



Tariq Al Abdulla
Director

Date 9 DECEMBER 2021.

QD US Real Estate Company

Directors' report

The directors of QD US Real Estate Company (the "Company") present their directors' report and consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2018.

Principal activities and review of the business

QD US Real Estate Company is a parent company incorporated in the Cayman Islands. The registered office of the Company is located at Maples Corporate Services Ltd PO Box 309 Ugland House, KY1-1104 Cayman Islands. The Company's principal activity that of a holding company. It has wholly owned subsidiaries whose principal activity is real estate investment.

The shareholder and the shareholding interest in the Company is as follows

<i>Name of shareholder</i>	<i>Interests</i>
Qatari Diar Real Estate Investment Company Q.C.S.C.	100%

Results and dividends

The profit of the Group for the year ended 31 December 2018 dealt with in the consolidated financial statements is USD 9,101,193 (2017: USD 81,582,381).

The directors are satisfied with the consolidated financial position of the Group as at 31 December 2018 and the consolidated financial performance for the year then ended.

The directors do not recommend the payment of a dividend in respect of the year to 31 December 2018 (2017: Nil).

Directors

The following directors have held office during the financial year and subsequently:

Tariq Al-Abdulla (appointed 8 October 2018)
Jean Lamothe (resigned 31 July 2020)
Richard Oakes (appointed 24 February 2019)
Nabeel Al-Buenain (resigned 8 October 2018)
Abdulla Al Ajail (appointed 1 June 2018, resigned 8 October 2018)
Khalid Saad Al Otaibi (resigned 24 February 2019)
Jeremy Holmes (appointed 1 June 2018, resigned 30 November 2018)
Abdulla Hamad A A Al-Attiyah (appointed 8 October 2018)
Raheel Arif Mir (appointed 31 July 2020)

Directors' remuneration

There was no directors' remuneration during the year ended 31 December 2018 (2017: USD Nil).

Staff numbers and costs

There were no employees and no indemnity provisions during the year ended 31 December 2018 (2017: USD Nil).

Political contribution

The Group incurred no political expenditure during the year (2017: USD Nil).

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of interest rate risk, currency risk, credit risk and liquidity risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group (Note 11).

Going concern

The directors' continue to assess the impact of Novel Coronavirus (COVID-19) on the Group and its underlying assets. However, the extent and duration of the pandemic remains uncertain and dependant on future events such as the effective roll out of a vaccine. It is currently believe that, in time, economic conditions will improve as will the underlying performance of the Group's assets.

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The consolidated financial statements continue to be prepared on a going concern basis.

QD US Real Estate Company

Directors' report (continued)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Following an ordinary resolution of the Board, the Directors have resolved to change auditor. Deloitte and Touche – Qatar have resigned as the Company's auditor and Ernst and Young have been appointed as the Company's external auditor commencing with the 2018 financial year end audit.

Directors' responsibilities statement


The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these consolidated financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



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Tariq Al Abdulla
Director

Company registration number FC 031878

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QD US REAL ESTATE COMPANY

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of QD US Real Estate Company (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of QD US Real Estate Company for the year ended 31 December 2017 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 31 October 2018.

Other information

Other information consists of the information included in the Strategic Report and Directors' Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QD US REAL ESTATE COMPANY (CONTINUED)**

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

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

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

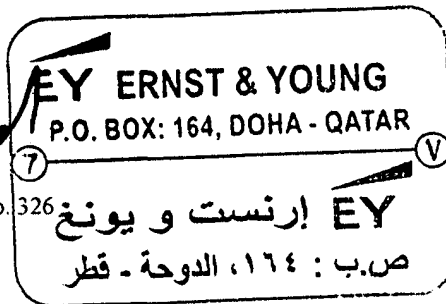
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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


Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 9 December 2021
Doha



QD US Real Estate Company

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 USD	2017 USD
Promote expenses (reversal)	3	-	5,945,519
Finance costs	9	(15,208,699)	(9,103,962)
General and administrative expenses		<u>(3,002,077)</u>	<u>(3,584,834)</u>
OPERATING LOSS		(18,210,776)	(6,743,277)
Share of profit of joint ventures	4	<u>28,043,103</u>	<u>59,885,912</u>
PROFIT BEFORE INCOME TAX		9,832,327	53,142,635
Deferred tax	6	(1,902,779)	24,561,386
Income tax expense	6	<u>1,171,645</u>	<u>3,878,360</u>
PROFIT FOR THE YEAR		9,101,193	81,582,381
Other comprehensive income for the year		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>9,101,193</u>	<u>81,582,381</u>

ERNST & YOUNG
Doha - Qatar

09 DEC 2021

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The attached notes 1 to 13 form an integral part of these consolidated financial statements.

QD US Real Estate Company

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 USD	2017 USD
ASSETS			
Non-current asset			
Investment in joint ventures	4	<u>713,171,597</u>	<u>593,484,894</u>
Current assets			
Due from related parties	9	<u>19,001,264</u>	<u>19,006,490</u>
Income tax recoverable		<u>47,964</u>	<u>47,964</u>
Prepayments		<u>9,600</u>	<u>9,600</u>
Bank balances		<u>4,502,713</u>	<u>15,623,047</u>
Total current assets		<u>23,561,541</u>	<u>34,687,101</u>
TOTAL ASSETS		<u>736,733,138</u>	<u>628,171,995</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	5	<u>292,273</u>	<u>292,273</u>
Share premium	5	<u>220,552,231</u>	<u>220,552,231</u>
Retained earnings	8	<u>204,663,146</u>	<u>195,561,953</u>
Total equity		<u>425,507,650</u>	<u>416,406,457</u>
Liabilities			
Non-current liabilities			
Amounts due to related parties	9	<u>244,902,900</u>	<u>147,263,062</u>
Deferred tax liabilities	6	<u>65,581,142</u>	<u>63,678,363</u>
Total non-current liabilities		<u>310,484,042</u>	<u>210,941,425</u>
Current liabilities			
Accruals and provisions	7	<u>220,731</u>	<u>211,479</u>
Amount due to related parties	9	<u>520,715</u>	<u>612,634</u>
Total current liabilities		<u>741,446</u>	<u>824,113</u>
Total liabilities		<u>311,225,488</u>	<u>211,765,538</u>
TOTAL EQUITY AND LIABILITIES		<u>736,733,138</u>	<u>628,171,995</u>

These consolidated financial statements were approved by the board of directors on 9 DECEMBER 2021 and were signed on its behalf by:



Tariq Al Abdulla
Director

Company registration number FC 031878

The attached notes 1 to 13 form an integral part of these consolidated financial statements.

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QD US Real Estate Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	<i>Share capital USD</i>	<i>Share premium USD</i>	<i>Retained earnings USD</i>	<i>Total USD</i>
Balance 1 January 2017	292,273	220,552,231	113,979,572	334,824,076
Profit for the year	-	-	81,582,381	81,582,381
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year			81,582,381	81,582,381
At 31 December 2017	<u>292,273</u>	<u>220,552,231</u>	<u>195,561,953</u>	<u>416,406,457</u>
At 1 January 2018	292,273	220,552,231	195,561,953	416,406,457
Profit for the year	-	-	9,101,193	9,101,193
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	9,101,193	9,101,193
At 31 December 2018	<u>292,273</u>	<u>220,552,231</u>	<u>204,663,146</u>	<u>425,507,650</u>

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QD US Real Estate Company

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 USD	2017 USD
OPERATING ACTIVITIES			
Profit before income tax		9,832,327	53,142,635
Adjustments for:			
Finance costs	9	15,208,699	9,103,962
Share of profit of joint ventures	4	(28,043,103)	(59,885,912)
Operating cash flows before working capital changes		(3,002,077)	2,360,685
Working capital changes:			
Due from related parties		5,225	-
Amounts due to related parties		(91,922)	477,634
Accruals and provisions		9,256	(28,136,171)
Cash used in operations		(3,079,518)	(25,297,852)
Income tax received		1,171,645	3,878,360
Net cash used in operating activities		(1,907,873)	(21,419,492)
INVESTING ACTIVITIES			
Dividends received from joint ventures	4	20,485,899	13,850,751
Additions to investments in joint ventures	4	(112,129,499)	(70,615,948)
Disposals to investments in joint ventures	4	-	21,412,001
Net cash used in investing activities		(91,643,600)	(35,353,196)
FINANCING ACTIVITY			
Net movements in related party loans		82,431,139	(4,203,140)
Net cash from / (used in) a financing activity		82,431,139	(4,203,140)
NET DECREASE IN BANK BALANCE		(11,120,334)	(60,975,828)
Bank balance at 1 January		15,623,047	76,598,875
BANK BALANCE AT 31 DECEMBER		4,502,713	15,623,047

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The attached notes 1 to 13 form an integral part of these consolidated financial statements.

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

QD US Real Estate Company (the "Company") is a Company incorporated in Cayman Islands in 2010. The registered office of the Company is located at the office of Maples Corporate Services Ltd PO Box 309 Ugland House, KY1-1104 Cayman Islands. The Company's principal activity is that of a holding company. It has wholly owned subsidiaries whose principal activity is real estate investment. The Company and its subsidiaries (together referred to as "the Group") are engaged in real estate investment. The Company commenced commercial operations effective 1 October 2010.

The Company is also registered under the provisions of Her Majesty's Revenue and Customs (HMRC) in the United Kingdom since 30 March 2014.

The objective of the Company is to engage in any act or activity that is not prohibited under any law in force for the time being in the Cayman Islands and in compliance with Islamic Sharia principles.

Controlling party

The shareholder and the shareholding interests in the Company is as follows:

<i>Name of the shareholder</i>	<i>Interests</i>
Qatari Diar Real Estate Investment Company Q.C.S.C.	100%

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Qatari Diar Real Estate Investment Company Q.C.S.C., a company incorporated in the State of Qatar.

The consolidated financial statements of the Group for the year ended 31 December 2018 were authorized for issue by Board of Directors on 9 December 2021.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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 are 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 inputs for the asset or liability

The consolidated financial statements are presented in United States Dollars ("USD"), which is the Group's functional and presentation currency.

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company 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. The Company controls an investee if and only if the Company has all of the following:

- 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 the amounts of the investors returns

The Company reassess 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. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Company's subsidiaries included in these consolidated financial statements are as follows:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group's effective shareholding %</i>	
			<i>31 December 2018</i>	<i>31 December 2017</i>
QD US Parcel A (Residential) Company	Cayman Islands	Real estate investments	100%	100%
QD US Parcel A (Condo 1) Company	Cayman Islands	Real estate investments	100%	100%
QD US Parcel A (Condo 2) Company	Cayman Islands	Real estate investments	100%	100%
QD US Parcel A (Office) Company	Cayman Islands	Real estate investments	100%	100%
QD US Parcel A (Retail) Company	Cayman Islands	Real estate investments	100%	100%
CCDC Parcel B Hotel Corporation (UK) Ltd	United Kingdom	Real estate investments	100%	100%
CCDC Parcel B Retail Corporation (UK) Ltd	United Kingdom	Real estate investments	100%	100%
LIC Gotham (UK) Ltd	United Kingdom	Real estate investments	100%	100%

Transactions eliminated on consolidation

All material inter-group balances and transactions, and any unrealised gains from intra-group transactions are eliminated in preparing the consolidated financial statements.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The parties in a joint venture are bound by a contractual arrangement which gives those parties joint control of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement.

The Group's investments in joint ventures are accounted for under the equity method in the Group's consolidated financial statements. Under the equity method the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets in the joint venture since the acquisition date.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017, except for the adoption of following new standards and interpretations effective as of 1 January 2018.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2018.

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment transactions
- Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 28 Investments in Associated and Joint Ventures – Clarification that measuring Investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters
- Amendments to IAS 40 "Transfers of Investment Property"
- IFRIC 22 "Foreign Currency Transactions and Advances consideration"

The Group applies, for the first time IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. In accordance with the transitional provisions of these new standards, comparatives have not been restated. The nature and effect of these changes are disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standards requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying the model to each of the contracts with their customers. The standards also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted IFRS 15 with effect from 1 January 2018. The adoption of IFRS 15 did not result in changes to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new amendments retrospectively, but no restatement was required to the comparative amounts for the year 2017.

A new accounting policy was adopted for revenue recognition however, it did not have a financial impact to the balances as at 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. In accordance with transitional provisions in IFRS 9, comparative figures have not been restated.

The Group has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures (continued)

IFRS 9 Financial Instruments (continued)

Classification and Measurement of Financial Assets

On 1 January 2018, the Company's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories.

With respect to debt instruments, there are no impact to the consolidated financial statements of the Group at 1 January 2018 since all of their debt instruments are already accounted at "amortised cost".

Impairment of Financial Assets

The Group's bank balances which are subject to IFRS 9's expected credit loss (ECL) model:

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets replacing the IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The adoption of the ECL requirements of IFRS 9 did not result in any material increases in impairment allowances of the Group's debt financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. See accounting policies adopted as at 1 January 2018 for the Classification, measurement and new impairment policy of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective.

<i>Contents</i>	<i>Effective dates</i>
IFRS 16: Leases	1 January 2019
IFRS 17: Insurance Contracts	1 January 2021
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	1 January 2019
Annual Improvements 2015-2017 Cycle (issued in December 2017)	1 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies:

Financial instruments

A Financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Accounting policies adopted from 1 January 2018

(a) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

i) Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL'). Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (Profit) (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest (Profit) includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at Fair value through profit or loss (FVTPL)

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Due from related parties

Due from related parties are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate, less impairment.

Accounts receivable

Accounts receivable include client receivables, interest receivable and other receivables. Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at bank and short-term deposits that have a maturity of less than three months, net of bank overdraft.

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of significant accounting policies (continued)

Financial instruments (continued)

(a) Financial assets (continued)

iv) Impairment of financial assets (continued)

Trade receivable including related parties, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

b) Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include due to related parties, trade payable, accrued expenses and other payables.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Instalments due within one year are shown as a current liability. Instalments due after 1 year are shown as a non-current liability.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Financial instruments (continued)

b) Financial liabilities (continued)

Retention payables

Retention payables are non-derivative financial liabilities to be settled in the future for services received. After initial recognition, retention payables are carried in accordance with the terms of the contracts.

Due to related parties

Due to related parties are non-derivative financial liabilities and are carried at amortised cost, using the effective interest rate method.

Payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

iii) Derecognition

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

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies used before 1 January 2018

Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of loan to a related party and bank balances. Financial liabilities consist of amounts due to a related party and accrued expenses.

Initial recognition

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date at which the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends upon the purpose for which the financial instruments were acquired and the characteristics of the financial instruments. All financial instruments are measured initially at their fair value, plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the consolidated statement of comprehensive income.

Bank balances

Bank balances comprise of bank balances with original maturity of three months or less.

Due from related parties

Due from related parties are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate, lease impairment.

Due to related parties

Due to related parties are non-derivative financial liabilities and are carried at amortised cost, using the effective interest rate method.

Payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Impairment and collectability of financial assets

An assessment is made at the end of each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of comprehensive income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Derecognition of financial assets and liabilities

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and liabilities

Financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

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

Provisions

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

Foreign currencies

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Dividend distributions

Dividend distributions are at the discretion of the Group. A dividend distribution to the Group's shareholders is accounted for as a deduction from retained earnings. A proposed dividend is recognised as a liability in the period in which it is approved in the meeting of the Board of Directors.

Taxation

Income tax expense recognised in the consolidated statement of comprehensive income represents the tax payable on taxable income for the period in accordance with Tax Laws in the United Kingdom. The Group shall pay income tax on the basis of the current rates of taxation as set out in the Laws.

Deferred income tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and same taxation authority.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had not impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Critical accounting judgments

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements:

Classification of investments

Note 4 of the consolidated financial statements describes that Group's investments in various companies as joint ventures of the Group although the Group owns 83.95% of the share capital of the investee companies, 80% in the case of LIC. The management of the Group assessed whether or not Group has control over these entities based on whether the Group has practical ability to control the relevant activities of these entities unilaterally. After assessment, management concluded that the Group jointly controls the relevant activities with its co-venturer and accordingly classified the same as investment in joint ventures.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The consolidated financial statements continue to be prepared on a going concern basis.

Functional currency

The primary objective of the Group is to generate returns in USD, which is the capital raising currency. Also, the day-to-day activities of the Group are managed and the performance is evaluated in USD. Therefore, the management considers USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Fair value measurements

Investment properties of the joint ventures are measured at fair value for the Group financial reporting purposes. In estimating the fair value of the properties, the Group engages third party qualified valuers to perform the valuation. The management committee if any works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Estimation uncertainty (continued)

Impairment of receivables

An estimate of the collectible amount of loan to a related party is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is generally based on the discounted cash flow model. The cash flows are derived from the budget and do not include the restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested.

3 PROMOTE (EXPENSES) REVERSAL

Promote expenses are provisions payable to Hines CCDC Partners LLC, a co-venture. Based on the joint venture agreement, once the land uses reach 95% stabilization, the Group will reduce its ownership in the joint ventures to circa 83.5% from 90% by transferring the difference to the co-venture without any consideration.

Effective 1 November 2017, the Investor Member and Developer Member entered into the First Amendment to the Third Amended and Restated Limited Liability Agreement of City Centre DC Investors, LLC (3rd Amendment). The Third Amendment states that conversion has occurred and have agreed to modify the Company Agreement to acknowledge that Conversion has occurred as of 1 October 2016. The Post-Conversion Percentage Interests are 83.95% as to the Investor Member and 16.05% as to the Developer Member.

As at 31 December 2018, the carrying value of investment in joint ventures has been reduced based on actual promote expense determined upon reaching 95% stabilization of all the underlying properties.

4 INVESTMENT IN JOINT VENTURES

The Group has the following investments in joint ventures:

<i>Name of joint venture</i>	<i>Group effective shareholding as at 31 December</i>		<i>Group's share of net assets as at 31 December</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
CCDC Office L.L.C. (i)	83.95%	83.95%	268,264,988	260,454,965
LIC Site B-1 JV Holdings LP. (ii)	80%	80%	159,817,817	78,322,029
CCDC Hotel L.L.C. (iii)	90%	90%	116,842,781	90,621,584
CCDC Residential Rental L.L.C. (iv)	83.95%	83.95%	89,716,946	90,636,876
CCDC Retail L.L.C. (v)	83.95%	83.95%	58,435,707	57,279,500
CCDC Retail Parcel B L.L.C. (vi)	90%	90%	19,831,919	15,846,852
CCDC For Sale I L.L.C. (vii)	90%	90%	172,521	216,559
CCDC For Sale H L.L.C. (viii)	90%	90%	88,918	106,529
			713,171,597	593,484,894

The Group's investment in the joint venture entities are as follows:

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

(i) CCDC Office L.L.C.

Effective 1 November 2017, the Group holds 83.95% of the ownership interest in CCDC Office L.L.C., which was registered and incorporated on 28 February 2011. The Company was engaged in the development and construction of two office buildings in the CityCenterDC mixed-use development project.

The following table summarises the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
Share of joint venture's statement of financial position:		
Total assets	670,593,494	658,977,380
Total liabilities	(351,040,202)	(348,727,273)
Equity	319,553,292	310,250,107
Proportion of the Group's ownership	83.95%	83.95%
Carrying amount of the investment	268,264,988	260,454,965
Share of joint ventures results		
Total income	60,930,219	80,829,393
Total expenses	(33,177,057)	(31,422,725)
Profit for the year	27,753,162	49,406,668
Group's share of profit for the year	23,298,798	41,476,898

(ii) LIC Site B-1 JV Holdings LP

The Group holds 80% of the ownership interest in LIC Site B-1 JV Holdings LP., which was registered and incorporated on 22 June 2016. The Company was engaged in the development and construction of 1.1 million SF of office space and 43,000SF of retail space in Long Island, New York. As at the reporting date the project was completed 63%. The project is now substantially complete as at 31 December 2020.

The following table summarises the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
Share of joint venture's statement of financial position:		
Total assets	431,030,448	227,010,707
Total liabilities	(231,258,173)	(129,108,171)
Equity	199,772,275	97,902,536
Proportion of the Group's ownership	80%	80%
Carrying amount of the investment	159,817,817	78,322,029
Share of joint ventures results		
Total expenses	(158,335)	(163,393)
Loss for the period	(158,335)	(163,393)
Group's share of loss for the year	(126,668)	(130,714)

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

(ii) LIC Site B-1 JV Holdings LP (continued)

The joint ventures' financial statements are prepared using Generally Accepted Accounting Principles in the United States of America. The following significant adjustments were made to align the joint ventures' financial statements with the accounting policies of the Group (amounts shown are aggregate figures for all joint ventures):

	2018 USD	2017 USD
Reclassification to investment property	1,050,400,000	1,039,000,000
Recognition of deferred tax liabilities	1,902,779	7,083,006
Recognition of fair value gains	10,798,867	59,271,038

The fair value adjustment was done based on valuations produced by an independent valuer.

(iii) CCDC Hotel L.L.C

The Group holds 90% of the ownership interest in CCDC Hotel L.L.C, which was registered and incorporated on 24 April 2014. The Company was engaged in the development and construction of a 360 room hotel adjacent to CityCenterDC mixed-use development. The project is now complete with the hotel becoming operational.

The following table summarises the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
Share of joint venture's statement of financial position:		
Total assets	204,971,389	114,676,635
Total liabilities	(75,146,076)	(13,985,986)
Equity	129,825,313	100,690,649
Proportion of the Group's ownership	90%	90%
Carrying amount of the investment	116,842,781	90,621,584
Share of joint ventures results		
Total income	-	88,755
Total expenses	(393,785)	(474,915)
Loss for the year	(393,785)	(386,160)
Group's share of loss for the year	(354,406)	(347,544)

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

(iv) CCDC Residential Rental L.L.C.

Effective 1 November 2017, the Group holds 83.95% of the ownership interest in CCDC Residential Rental L.L.C., which was registered and incorporated on 28 February 2011. The entity was primarily engaged in the development and construction of two apartment buildings within the City Center DC mixed-use development project.

The following table summarises the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
<i>Share of joint venture's statement of financial position:</i>		
Total assets	248,444,814	249,494,999
Total liabilities	(141,575,313)	(141,529,691)
Equity	106,869,501	107,965,308
Proportion of the Group's ownership	83.95%	83.95%
Carrying amount of the investment	89,716,946	90,636,876
<i>Share of joint ventures results</i>		
Total income	16,361,920	33,943,602
Total expenses	(14,257,728)	(13,947,766)
Profit for the year	2,104,192	19,995,836
Group's share of profit for the year	1,766,470	16,786,504

(v) CCDC Retail L.L.C.

Effective 1 November 2017, the Group holds 83.95% of the ownership interest in CCDC Retail L.L.C., which was registered and incorporated on 28 February 2011. The Company is engaged in the development and construction of retail space within the six buildings (two office buildings, two apartment buildings, and two for-sale residential buildings) in the City Center DC mixed-use development project.

The following table summarizes the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
<i>Share of joint venture's statement of financial position:</i>		
Total assets	178,581,576	177,486,805
Total liabilities	(108,973,823)	(109,256,311)
Equity	69,607,753	68,230,494
Proportion of the Group's ownership	83.95%	83.95%
Carrying amount of the investment	58,435,707	57,279,500
<i>Share of joint ventures results</i>		
Total income	16,188,114	25,568,577
Total expenses	(12,058,357)	(11,760,305)
Profit for the year	4,129,757	13,808,272
Group's share of profit for the year	3,466,931	11,592,044

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

(vi) CCDC Retail Parcel B L.L.C

The Group holds 90% of the ownership interest in CCDC Retail Parcel B L.L.C., which was registered and incorporated on 24 April 2014. The Company is engaged in the development and construction of 30,000SF of retail space within the hotel development and adjacent to the City Center DC mixed-use development. The project is now complete.

The following table summarizes the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
<i>Share of joint venture's statement of financial position:</i>		
Total assets	35,676,114	22,067,219
Total liabilities	(13,640,649)	(4,459,606)
Equity	22,035,465	17,607,613
Proportion of the Group's ownership	90%	90%
Carrying amount of the investment	19,831,919	15,846,852
<i>Share of joint ventures results</i>		
Total revenue	59,586	-
Total expenses	-	(150,124)
Profit (loss) for the year	59,586	(150,124)
Group's share of profit / (loss) for the year	53,627	(135,112)

(vii) CCDC For Sale I L.L.C.

The Group holds 90% of the ownership interest in CCDC For Sale I L.L.C., which was registered and incorporated on 28 February 2011. The entity was engaged in the development and construction of the "For Sale" residential building on the parcel of land adjacent to I Street in the City Centre DC mixed-use development project. As at 31 December 2017 all units in the condominiums have been sold.

The following table summarises the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
<i>Share of joint venture's statement of financial position:</i>		
Total assets	211,671	318,585
Total liabilities	(19,982)	(77,964)
Equity	191,689	240,621
Proportion of the Group's ownership	90%	90%
Carrying amount of the investment	172,521	216,559
<i>Share of joint ventures results</i>		
Total income	-	1,198,500
Total expenses	(48,931)	(571,248)
Profit / (loss) for the year	(48,931)	627,252
Group's share of (loss) / profit for the year	(44,038)	564,527

QD US Real Estate Company

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As at 31 December 2018

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

(viii) CCDC For Sale H L.L.C.

The Group holds 90% of the ownership interest in CCDC For Sale H L.L.C., which was registered and incorporated on 28 February 2011. The entity was engaged in the development and construction of the "For Sale" residential building on the parcel of the land adjacent to H Street in the City Centre DC mixed-use development project. As at 31 December 2017 all units in the condominiums have been sold.

The following table summarises the financial information of the Group's investment in the joint venture entity.

	2018 USD	2017 USD
Share of joint venture's statement of financial position:		
Total assets	118,295	181,224
Total liabilities	(19,520)	(62,883)
Equity	98,775	118,341
Proportion of the Group's ownership	90%	90%
Carrying amount of the investment	88,918	106,529
Share of joint ventures results		
Total income	883	1,151,500
Total expenses	(20,451)	(699,463)
(Loss) / profit for the year	(19,568)	452,037
Group's share of (loss) / profit for the year	(17,611)	406,833

At 31 December, the movements in the investment in joint ventures were as follows:

	2018 USD	2017 USD
At 1 January	593,484,894	498,245,786
Additional investments	112,129,499	70,615,948
Dividends received	(20,485,899)	(13,850,751)
Share of profit for the year	28,043,103	59,885,912
Part disposal of investment	-	(21,412,001)
At 31 December	713,171,597	593,484,894

By September 15, 2016, the underlying joint ventures, CCDC Residential Rental L.L.C., CCDC Office L.L.C., and CCDC Retail L.L.C., achieved stabilized occupancy. On 1 October 2016, the Company and Hines CCDC has acknowledge that promote conversion has occurred. The Post-Conversion Percentage Interests are 83.95% as to the Company and 16.05% as to Hines CCDC which was effective on 1 November 2017 (See Note 3).

CCDC Hotel L.L.C and CCDC Retail Parcel B L.L.C opened to the public in April 2019 and are now fully operational investments.

LIC Site B-1 JV Holdings LP substantially completed in October 2019 and is now a fully operational investment.

QD US Real Estate Company

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As at 31 December 2018

5 SHARE CAPITAL

The authorised share capital of the Company is USD 292,273 (2017: USD 292,273) divided into 29,227,307 (2016: 29,227,307) participating shares of USD 0.01 par value. These shares are divided further into 144,450 (2016: 144,450) voting shares and 29,082,857 (2016: 29,082,857) non-voting shares authorised for issue to Qatari Diar Real Estate Investment Company Q.C.S.C. Both classes of shares are issuable at USD 10 per share, with the excess above par values credited to a share premium reserve.

The share premium reserve is available for use only in the circumstances prescribed in the Company's Articles of Association.

Quantitative information about the Company's capital is provided in the table below. These shares are entitled to dividends when declared and to payment of a proportionate share of the Company's net asset value upon winding up of the Company.

At 31 December, the issued share capital is as follows:

		31 December 2018			
	<i>Number of shares</i>	<i>Par value USD</i>	<i>Share capital USD</i>	<i>Share premium USD</i>	<i>Total USD</i>
Shares:					
Voting shares	144,450	0.01	1,445	1,443,056	1,444,501
Non-voting shares	<u>29,082,857</u>	0.01	<u>290,828</u>	<u>219,109,175</u>	<u>219,400,003</u>
	<u>29,227,307</u>		<u>292,273</u>	<u>220,552,231</u>	<u>220,844,504</u>
31 December 2017					
	<i>Number of shares</i>	<i>Par value USD</i>	<i>Share capital USD</i>	<i>Share premium USD</i>	<i>Total USD</i>
Shares:					
Voting shares	144,450	0.01	1,445	1,443,056	1,444,501
Non-voting shares	<u>29,082,857</u>	0.01	<u>290,828</u>	<u>219,109,175</u>	<u>219,400,003</u>
	<u>29,227,307</u>		<u>292,273</u>	<u>220,552,231</u>	<u>220,844,504</u>

The Net Asset Value (NAV) calculated per the Company's equity under IFRS is as follows:

	<i>Voting shares</i>	<i>Non-voting shares</i>
31 December 2018		
Share capital and share premium (USD)	1,444,501	219,400,003
Retained earnings (USD)	<u>1,011,506</u>	<u>203,651,640</u>
Equity at 31 December 2018 (USD)	<u>2,456,007</u>	<u>423,051,643</u>
No. of shares in issue	<u>144,450</u>	<u>29,082,857</u>
Net Asset Value per share (USD)	<u>17.00</u>	<u>14.55</u>

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

5 SHARE CAPITAL (CONTINUED)

<i>31 December 2017</i>	<i>Voting shares</i>	<i>Non-voting shares</i>
Share capital and share premium (USD)	1,444,501	219,400,003
Retained earnings (USD)	966,525	194,595,428
Equity at 31 December 2017 (USD)	2,411,026	413,995,431
No. of shares in issue	144,450	29,082,857
Net Asset Value per share (USD)	16.69	14.24

6 TAXATION

The Group is subject to corporate income tax in the United Kingdom and the United State of America for the share of taxable profit attributable to the Group's subsidiaries. The reconciliation between the accounting basis results and the tax basis results is as follows:

	<i>2018 USD</i>	<i>2017 USD</i>
Corporation tax:		
Tax paid in other jurisdictions	771,061	-
Adjustments in respect of prior years	(1,942,706)	(3,878,360)
Deferred tax expense / (credit)	(1,171,645) 1,902,779	(3,878,360) (24,561,386)
Total tax expense / (credit)	731,134	(28,439,746)

UK Corporation tax is calculated at 19 percent effective 1 April 2017 (2017: 19.25 percent) of the estimated UK taxable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the profit in the consolidated statement of comprehensive income as follows:

	<i>2018 USD</i>	<i>2017 USD</i>
Profit before tax on continuing operations	9,832,327	53,142,635
Adjustment for non-deductible items	(28,020,441)	(65,831,435)
Allowable loss on continuing operations	(18,188,114)	(12,688,800)
Tax at the UK corporation tax rate of 19% (2017: 19.25%)	(3,455,742)	(2,442,594)
Tax effect of expenses that are not deductible in determining taxable profit	1,902,779	(22,779,188)
Change in unrecognised deferred tax assets	3,718,802	811,311
Withholding tax on dividend	771,061	-
Effect of different tax rates of operations in other jurisdictions	(263,061)	(150,915)
Prior year adjustment	(1,942,706)	(3,878,360)
Tax expense / (credit) for the year	731,134	(28,439,746)

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

6 TAXATION (CONTINUED)

In addition to the amount charged to the consolidated statement of comprehensive income, the following amounts relating to tax have been recognized directly in equity:

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Deferred tax:		
Arising on fair value gains	<u>65,581,142</u>	<u>63,678,363</u>
Total income tax recognised directly in equity	<u>65,581,142</u>	<u>63,678,363</u>

Group relief is surrendered in accordance with the provisions of Part 5 of the Corporation Tax Act 2010. Where losses exceed amounts surrendered to other members of the QD US Real Estate Group, these losses will be carried forward.

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Deferred tax liabilities:		
Joint ventures	<u>65,581,142</u>	<u>63,678,363</u>

Deferred tax is arising from changes in the fair value of underlying property associated with the investment in joint ventures. Tax rate used was 21% (2017: 21%), the US tax rate applicable to the subsidiaries directly holding the investments in joint ventures.

7 ACCRUALS AND PROVISIONS

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Other accrued expenses	<u>220,731</u>	<u>211,479</u>
	<u>220,731</u>	<u>211,479</u>

8 RETAINED EARNINGS

	<i>USD</i>
Balance at 1 January 2017	113,979,572
Net profit for the year	<u>81,582,381</u>
Balance at 31 December 2017	195,561,953
Net profit for the year	<u>9,101,193</u>
Balance at 31 December 2018	<u>204,663,146</u>

Included within retained earnings as at 31 December 2018 is an amount of USD 10,798,867 (2017: USD 59,271,038) that represents unrealised profits arising on revaluation of the underlying property of the Group's investments in joint ventures.

QD US Real Estate Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

9 RELATED PARTY DISCLOSURES

Related parties represent associated entities, shareholder, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of comprehensive income is as follows:

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Finance costs	<u>15,208,699</u>	<u>9,103,062</u>
General and administrative expenses	<u>2,559,394</u>	<u>3,304,256</u>

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

	<i>2018</i>		<i>2017</i>	
	<i>Receivables</i> <i>USD</i>	<i>Payables</i> <i>USD</i>	<i>Receivables</i> <i>USD</i>	<i>Payables</i> <i>USD</i>
<i>Shareholder:</i>				
Qatari Diar Real Estate Investment Company Q.C.S.C. (i)	19,001,264	244,902,900	19,001,265	147,263,062
<i>Other related parties:</i>				
Qatari Diar UK Ltd.	-	750	-	179
QD Americas Inc.	-	361,112	5,225	388,810
QDREIC	-	64,232	-	64,232
QDLLP	-	94,621	-	159,413
	<u>19,001,264</u>	<u>245,423,615</u>	<u>19,006,490</u>	<u>147,875,696</u>

Note:

- (i) Amounts due to related parties include facilities granted by Qatari Diar Real Estate Investment Company Q.C.S.C. amounting to USD 592,000,000 of which the Group has drawn down USD 244,967,132. Amount owing are due in one installment on 30 November 2021 or such extended date as agreed by the lender at its discretion. The facility has an effective date of 1 December 2016 and carries interest at 3 month USD Libor plus 5.5% per annum.

	<i>2018</i> <i>USD</i>	<i>2017</i> <i>USD</i>
Amounts due to related parties presented in the consolidated statement of financial position as:		
<i>Amounts due from related parties</i>		
Current portion	<u>19,001,264</u>	<u>19,006,490</u>
	<u>19,001,264</u>	<u>19,006,490</u>
<i>Amounts due to related parties</i>		
Current portion	520,715	612,634
Non-current portion	<u>244,902,900</u>	<u>147,263,062</u>
	<u>245,423,615</u>	<u>147,875,696</u>

9 RELATED PARTY DISCLOSURES (CONTINUED)**Terms and conditions of transactions with related parties**

Transactions with related parties are made at terms agreed by the Directors. Outstanding balances at the reporting date are unsecured, interest free and the settlement occurs in cash, except for the loans from related party, which carries interest at market rates. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

There was no remuneration paid to key management during the year.

10 COMMITMENTS AND CONTINGENCIES

At 31 December 2018, the Group has contingent liabilities as follows:

- a. Capital commitments with Hines CCDC Partners Parcel B LLC amounting to USD Nil (2017: USD 30.5 million). These commitments relate to the cost of construction of the CCDC Parcel B Hotel and Retail projects.
- b. Capital commitments with Tishman Speyer amounting to USD 73.8 million (2017: USD 200.02 million). These commitments relate to the cost of construction of the office and retail development at Long Island City in New York.

11 FINANCIAL RISK MANAGEMENT**Objective and policies**

The Group's principal financial liabilities comprise of amounts due to related parties and other accrued expenses. The main purpose of these financial liabilities is to manage the working capital requirements for the Group's operations. The Group has bank balances as financial assets, which arise directly from its operations as well as due from related party.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is in the process of setting acceptable parameters, based on value at risk that may be accepted and monitored on a daily basis.

Interest rate risk

Interest rate risk arises due to the changes in market interest rates, affecting the floating rate financial instruments of the Group. At the reporting date, detail of the Group's interest-bearing financial instruments which are exposed to interest rate risk is as follows:

	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
<i>Variable rate financial liabilities:</i>		
Amounts due to related parties	<u>244,902,900</u>	<u>147,875,696</u>

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis of variable rate financial instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the consolidated profit by the amounts shown below:

	<i>100 bp increase USD</i>	<i>100 bp decrease USD</i>
<i>Variable rate financial liabilities</i>		
2018	<u>(2,449,029)</u>	<u>2,449,029</u>
2017	<u>(1,478,757)</u>	<u>1,478,757</u>

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group does not hedge its exposures to currency risk.

There are no financial instruments exposed to foreign currency fluctuations at the reporting date (2017: Nil).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss, and arises from the operations of the Group. The Group's exposure to credit risk is indicated by the carrying amount of its financial assets, which consists primarily of bank balances.

The Group seeks to limit its credit risk with respect to banks by dealing with reputable banks. The Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets in the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

The Group limits its liquidity risk by ensuring financing facilities are available from its shareholder, through capital calls or loans.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

2018	<i>Less than 1 year USD</i>	<i>1 to 5 years USD</i>	<i>> 5 years USD</i>	<i>Total USD</i>
Amounts due to related parties	520,715	244,902,900	-	245,423,615
Other accrued expenses	<u>220,731</u>	<u>-</u>	<u>-</u>	<u>220,731</u>
Total	<u>741,446</u>	<u>244,902,900</u>	<u>-</u>	<u>245,644,346</u>
2017	<i>Less than 1 year USD</i>	<i>1 to 5 years USD</i>	<i>> 5 years USD</i>	<i>Total USD</i>
Amounts due to related parties	612,634	147,263,062	-	147,875,696
Other accrued expenses	<u>211,479</u>	<u>-</u>	<u>-</u>	<u>211,479</u>
Total	<u>824,113</u>	<u>147,263,062</u>	<u>-</u>	<u>148,087,175</u>

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the period ended 31 December 2018 and 2017.

Capital comprises share capital, share premium and retained earnings and is measured at 31 December 2018 USD 425,507,650 (2017: USD 416,406,457).

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of bank balances and due from related party. Financial liabilities consist of amounts due to related parties and other accrued expenses.

Fair values of financial instruments are not materially different from their carrying values.

13 SUBSEQUENT EVENTS DISCLOSURES

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these consolidated financial statements. These developments could impact our future financial results, cash flows and financial condition.