Emaar Development PJSC and its Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2019

Emaar Development PJSC and its Subsidiary

Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 31 March 2019

Table of Contents

Building a better
working world

Ernst & Young
P.O. Box 9267
28th Floor, Al Saqr Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com/mena

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR DEVELOPMENT PJSC AND ITS SUBSIDIARY

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Development PJSC (the "Company") and its subsidiary (the "Group") as at 31 March 2019, comprising of the interim consolidated statement of financial position as at 31 March 2019, and the related interim consolidated statements of comprehensive income, statement of changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

13 May 2019

Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2019 (Unaudited)

		(US$ 1.00 = AED 3.673)	
	Notes	***1 January 2019 to 31 March 2019 AED'000***	*1 January 2018 to 31 March 2018 AED'000*
Revenue	4	**3,340,647**	3,265,217
Cost of revenue	4	**(1,938,406)**	(1,857,127)
GROSS PROFIT		**1,402,241**	1,408,090
Selling, general and administrative expenses	5	**(363,213)**	(259,248)
Finance income	6	**33,926**	30,844
Finance costs		**(57,297)**	(36,553)
Other income		**4,034**	13,095
Share of results of joint ventures		**11,069**	12,120
PROFIT FOR THE PERIOD		**1,030,760**	1,168,348
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,030,760**	1,168,348
ATTRIBUTABLE TO:			
Owners of the Parent		**750,951**	819,256
Non-controlling interest		**279,809**	349,092
		1,030,760	1,168,348
Earnings per share attributable to the owners of the Parent:			
- basic and diluted earnings per share (AED)		**0.19**	0.20

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019 (Unaudited)

		(US$ 1.00 = AED 3.673)	
	Notes	*31 March 2019 AED'000*	*31 December 2018 AED'000 (Audited)*
ASSETS			
Bank balances and cash	7	**6,256,784**	6,857,094
Trade and unbilled receivables	8	**7,139,834**	6,002,460
Other assets, receivables, deposits and prepayments	9	**4,373,012**	4,704,853
Development properties	10	**13,281,757**	12,368,253
Loans to joint ventures	11	**633,421**	527,428
Investments in joint ventures	12	**70,402**	59,333
Property, plant and equipment		**67,959**	58,359
TOTAL ASSETS		**31,823,169**	30,577,780
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	13	**10,897,663**	10,262,488
Advances from customers		**4,820,547**	5,075,731
Retentions payable		**651,300**	617,065
Interest-bearing loans and borrowings	14	**3,933,416**	3,931,028
Provision for employees' end-of-service benefits		**22,580**	24,565
TOTAL LIABILITIES		**20,325,506**	19,910,877
EQUITY			
Equity attributable to owners of the Parent			
Share capital		**4,000,000**	4,000,000
Legal reserve		**419,614**	419,614
Retained earnings		**4,276,074**	3,525,123
		8,695,688	7,944,737
Non-controlling interests		**2,801,975**	2,722,166
TOTAL EQUITY		**11,497,663**	10,666,903
TOTAL LIABILITIES AND EQUITY		**31,823,169**	30,577,780

The interim condensed consolidated financial statements were authorised for issue on 13 May 2019 by:

Chairman   Director

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2019 (Unaudited)

	Attributable to the owners of the Parent					
	Share capital AED'000	*Statutory reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2019 *(Audited)*	4,000,000	419,614	3,525,123	7,944,737	2,722,166	10,666,903
Profit for the period	-	-	750,951	750,951	279,809	1,030,760
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	750,951	750,951	279,809	1,030,760
Dividend	-	-	-	-	(200,000)	(200,000)
Balance at 31 March 2019	**4,000,000**	**419,614**	**4,276,074**	**8,695,688**	**2,801,975**	**11,497,663**

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the period ended 31 March 2019 (Unaudited)

	Attributable to the owners of the Parent					
	Share capital AED'000	*Statutory reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2018	4,000,000	150	1,083,429	5,083,579	1,116,204	6,199,783
Profit for the period	-	-	819,256	819,256	349,092	1,168,348
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	819,256	819,256	349,092	1,168,348
Balance at 31 March 2018	4,000,000	150	1,902,685	5,902,835	1,465,296	7,368,131

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2019 (Unaudited)

	Notes	*(US$ 1.00 = AED 3.673)* **1 January 2019 to 31 March 2019 AED'000**	*1 January 2018 to 31 March 2018 AED'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**1,030,760**	1,168,348
Adjustments for:			
Share of results of joint ventures		**(11,069)**	(12,120)
Depreciation	5	**6,971**	3,624
Provision for employees' end-of-service benefits, net		**(1,985)**	141
Finance costs		**57,297**	36,553
Finance income	6	**(33,926)**	(30,844)
Cash from operations before working capital changes		**1,048,048**	1,165,702
Trade and unbilled receivables		**(1,137,374)**	(622,009)
Other assets, receivables, deposits and prepayments		**331,764**	(452,043)
Development properties		**(913,504)**	(940,455)
Advances from customers		**(255,184)**	(397,792)
Trade and other payables		**622,299**	912,890
Retentions payable		**34,235**	(21,617)
Net cash used in operating activities		**(269,716)**	(355,324)
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		**34,003**	28,471
Loan to joint ventures		**(105,993)**	(26,486)
Amounts incurred on property, plant and equipment		**(3,252)**	(3)
Deposits maturing after three months		**23,127**	371,057
Net cash (used in) from investing activities		**(52,115)**	373,039
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		**(53,610)**	(34,147)
Repayment of lease liability	2.3 (a)	**(1,742)**	-
Dividend paid (including dividend of a subsidiary)		**(200,000)**	-
Net cash used in financing activities		**(255,352)**	(34,147)
DECREASE IN CASH AND CASH EQUIVALENTS		**(577,183)**	(16,432)
Cash and cash equivalents at the beginning of the period		**6,788,754**	7,755,499
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	**6,211,571**	7,739,067

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

The incorporation of Emaar Development PJSC (the "Company") as a Public Joint Stock Company was approved by the Securities and Commodities Authority according to Federal Law No.4 of 2000 on 20 November 2017 and the registration certificate was issued on 21 November 2017. The Company's registered office is at P.O. Box 48882, Dubai, United Arab Emirates ("UAE").

The Company is a subsidiary of Emaar Properties PJSC (the "Ultimate Parent"), a company incorporated in the UAE and listed on the Dubai Financial Market. The legal status of the Company has been converted from a limited liability company to a Public Joint Stock Company (PJSC) by selling 20% through an Initial Public Offering ("IPO"). The Company is listed on the Dubai Financial Market and its shares are traded with effect from 22 November 2017. The Company and its subsidiary constitute the Group (the "Group").

The principal activities of the Group are property development and development management in the UAE.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2019 have been prepared in accordance with International Accounting Standard (IAS) 34: *Interim Financial Reporting.*

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards and amendments adopted during the current period as explained in note 2.3.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Certain comparative amounts have been reclassified to conform to the presentation used in these interim condensed consolidated financial statements.

Results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and the entity controlled by the Company (its subsidiary) as at 31 March 2019. Control is achieved where all the following criteria are met:

(a) the Company has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiary
A subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

Details of the Company's subsidiary are as follows:

Subsidiary	**Place of incorporation**	**Principal activity**	**Percentage of beneficial interest**
Dubai Hills Estate LLC	UAE	Property development	50.00%

Joint ventures
Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's investment in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in joint ventures are carried in the interim condensed consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture companies, less any impairment in value.

The interim consolidated statement of comprehensive income reflects the Group's share of results of its joint ventures. Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments, estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

Judgments

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the “most-likely amount” method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Transfer of real estate assets from property, plant and equipment to development properties

The Group sells real estate assets in its ordinary course of business. When real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

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.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Consolidation of subsidiary

The Group has evaluated all investee entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 *Consolidated Financial Statements*. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions

Split of real estate components

The interim condensed consolidated financial statements of the Group include certain assets, liabilities, income, expenses and cash flows which are allocated to the Group based on management assumptions and estimates. This mainly includes development properties, trade and other payables, selling, general and administrative expenses. These are allocated based on evaluation by project consultant and management best estimate of use of corporate resources by the Group.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables 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 and expected credit loss on such receivables.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the interim consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019. Although these new standards and amendments apply for the first time in 2019, they do not have a material impact on the annual consolidated financial statements or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)
Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

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 use the transition practical expedient allowing the standard to be applied 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’).

a) Nature of the effect of adoption of IFRS 16
The Group has lease contracts for office premises. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application and accordingly, the comparative information in this interim condensed consolidated financial statement has not been restated and the cumulative effect of initially applying the standard (if any) is recognised as an adjustment to the opening balance of retained earnings.

b) Amounts recognised in the interim consolidated statement of financial position and statement of comprehensive income
Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets AED’000	*Lease liabilities AED’000*
As at 1 January 2019	**13,319**	**12,158**
Depreciation expense	**(1,993)**	**-**
Interest expense	**-**	**110**
Payments	**-**	**(1,742)**
As at 31 March 2019	**11,326**	**10,526**

Lease liabilities are payable as below:

Lease liabilities payable within 12 months	**8,530**
Lease liabilities payable after 12 months	**1,996**
Balance as at period end	**10,526**

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

b) Amounts recognised in the interim consolidated statement of financial position and statement of comprehensive income (continued)

Set out below, are the amounts recognised in interim consolidated statement comprehensive income:

	1 January 2019 to 31 March 2019 AED'000
Depreciation expense of right-of-use assets	**1,993**
Interest expense on lease liabilities	**110**
Total amounts recognised in interim consolidated statement of comprehensive income	**2,103**

The Group has presented right of use assets within 'Property, plant and equipment' and lease liabilities within 'Trade and other payable' in the interim consolidated statement of financial position.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation did not have any impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.

IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS.

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

These amendments / improvements had no impact on the interim condensed consolidated financial statements of the Group.

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, but an entity that early adopts the amendments must apply them prospectively);
IFRS 17	Business Combinations (amendments are effective for annual period beginning on or after 1 January 2020);
IAS 1 and IAS 28	Amendments to IAS 1 Presentation of Financial Statements and IAS 28 to align the definition of 'material' across the standards and to clarify certain aspects of the definition (effective for annual period beginning on or after 1 January 2020); and
IFRS 17	Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)
The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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

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

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Interest income
Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Development services
Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Development properties
Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in the consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The management reviews the carrying values of the development properties on an annual basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (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 that are considered of low value (i.e., below AED 5,000). 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.

Financial assets
Initial recognition and measurement
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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
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 profit or loss
- 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 OCI with recycling of cumulative gains and losses (debt instruments)

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.

The Group's financial assets at amortised cost includes trade and unbilled receivables, deposits and other receivables, amounts due from related parties and loans to joint ventures.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the interim consolidated statement of financial position at fair value with net changes in fair value recognised in the interim consolidated statement of comprehensive income.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the interim consolidated statement of comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group does not have any financial assets at fair value through profit and loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets designated at fair value through OCI (equity instruments) as at the reporting date.

Financial assets at fair value through OCI (debt instruments)
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 of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any financial assets designated at fair value through OCI (debt instruments) as at the reporting date.

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 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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. 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.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Trade and unbilled receivables
Trade receivables are stated at original amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim consolidated statement of comprehensive income.

Services rendered but not billed at the reporting date are accrued as per the terms of the agreements as unbilled receivables.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the interim consolidated statement of comprehensive income. For financial assets designated at fair value through profit and loss any foreign exchange component is recognised in other comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the ‘other gains and losses’ line item in the interim consolidated statement of comprehensive income.

Impairment of financial assets
Effective 1 January 2018, the Group recognises an allowance for expected credit losses ("ECL") 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. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and unbilled receivables and other receivables, the Group applies a simplified approach in calculating 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. The expected credit losses are recognised in the interim consolidated statement of comprehensive income.

The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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 groups of assets. Where the carrying amount of an asset or CGU 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
Impairment losses are recognised in the interim consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the interim consolidated statement of comprehensive income.

Financial liabilities and equity instruments issued by the Group
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9, are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instruments as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

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

Loans and borrowings
Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

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 interim consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. 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, then the difference in the respective carrying amounts is recognised in the interim consolidated statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the interim 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the interim consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies
Contingent liabilities are not recognised in the interim condensed consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the interim condensed consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm’s length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

3 SEGMENT INFORMATION

For management purposes, the Group is organised into one segment based on its products and services, which is the real estate development business. Accordingly, the Group only has one reportable segment. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

Business segments
Revenue, operating results, assets and liabilities presented in the interim condensed consolidated financial statements relates to the real estate development business of the Group.

Geographic segment
The Group is currently operating only in the UAE, hence the operating results, assets and liabilities presented it the interim condensed consolidated financial statements relates to its operation in the UAE.

4 REVENUE AND COST OF REVENUE

	1 January 2019 to 31 March 2019 AED'000	*1 January 2018 to 31 March 2018 AED'000*
Revenue		
Sale of condominiums	**1,900,658**	1,711,709
Sale of villas	**1,391,007**	1,323,997
Sale of commercial units, plots of land and others	**48,982**	229,511
	3,340,647	3,265,217
Cost of revenue		
Cost of condominiums	**1,200,822**	1,080,334
Cost of villas	**730,408**	707,077
Cost of commercial units, plots of land and others	**7,176**	69,716
	1,938,406	1,857,127

Below is the split of revenue recognised over a period of time and single point in time:

	1 January 2019 to 31 March 2019 AED'000	*1 January 2018 to 31 March 2018 AED'000*
- Over a period of time	**3,329,435**	3,131,515
- Single point in time	**11,212**	133,702
	3,340,647	3,265,217

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	1 January 2019 to 31 March 2019 AED'000	*1 January 2018 to 31 March 2018 AED'000*
Sales and marketing expenses	**166,542**	74,754
Payroll and related expenses	**59,208**	51,793
Property management expenses	**15,593**	18,296
Depreciation *(including right-of use assets)*	**6,971**	3,624
Other expenses	**114,899**	110,781
	363,213	259,248

6 FINANCE INCOME

	1 January 2019 to 31 March 2019 AED'000	*1 January 2018 to 31 March 2018 AED'000*
Finance income on fixed deposits with banks	**31,668**	28,831
Other finance income	**2,258**	2,013
	33,926	30,844

7 BANK BALANCES AND CASH

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Cash in hand	**1,053**	1,055
Current and call bank deposit accounts	**6,210,518**	6,761,990
Fixed deposits maturing within three months	**-**	25,709
Cash and cash equivalents	**6,211,571**	6,788,754
Fixed deposits maturing after three months	**45,213**	68,340
	6,256,784	6,857,094

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits maturing after three months earn interest rate of 2.75% per annum (31 December 2018: 3.2% per annum).

The Group is required to maintain certain deposits/balances amounting to AED 6,211,570 thousands (31 December 2018: AED 6,798,327 thousands) with banks for advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

8 TRADE AND UNBILLED RECEIVABLES

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Trade receivables		
Amounts receivables within 12 months	**1,114,212**	1,089,432
Unbilled receivables		
Unbilled receivables within 12 months	**4,107,185**	3,580,644
Unbilled receivables after 12 months, net	**1,918,437**	1,332,384
	6,025,622	4,913,028
Total trade and unbilled receivables	**7,139,834**	6,002,460

The above trade receivables are net of AED 56,629 thousands (31 December 2018: AED 56,629 thousands) relating to provision for doubtful debts representing management's best estimate of loss based on expected credit loss model. All other receivables are considered fully recoverable.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Advances to contractors and others	**1,260,165**	1,226,639
Due from related parties (note 17)	**1,920,189**	2,256,407
Deferred sales commission (i)	**802,888**	731,416
Value added tax recoverable	**197,272**	304,770
Prepayments	**4,293**	24,978
Accrued interest	**80**	157
Other receivables and deposits	**188,125**	160,486
	4,373,012	4,704,853

(i) The deferred sales commission expense incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

10 DEVELOPMENT PROPERTIES

	1 January 2019 to 31 March 2019 AED'000	*1 January 2018 to 31 December 2018 AED'000 (Audited)*
Balance at the beginning of the period/year	**12,368,253**	9,359,957
Add: Costs incurred during the period/year	**2,851,910**	11,741,273
Less: Costs transferred to cost of revenue during the period/year	**(1,938,406)**	(8,732,977)
Balance at the end of the period/year	**13,281,757**	12,368,253

11 LOANS TO JOINT VENTURES

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Zabeel Square LLC	**233,842**	237,653
Emaar Dubai South DWC LLC	**399,579**	289,775
	633,421	527,428

Loans to joint ventures are unsecured, repayable on demand and do not carry any interest.

12 INVESTMENTS IN JOINT VENTURES

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Emaar Dubai South DWC LLC	**70,402**	59,333
Net investment in joint ventures as at period/year end	**70,402**	59,333

The Group has the following effective ownership interest in its joint ventures:

	Country of incorporation	*Ownership 2019*	*2018*
Emaar Dubai South DWC LLC	UAE	50.00%	50.00%
Zabeel Square LLC	UAE	50.00%	50.00%

Net investment in Zabeel Square LLC as at the reporting date is nil.

13 TRADE AND OTHER PAYABLES

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Creditors for land purchase	**3,803,933**	3,879,624
Project contract cost accruals and provisions	**2,826,798**	2,964,291
Funding from a related party (note 17)	**1,415,000**	353,403
Payable to related parties (note 17)	**1,249,741**	1,655,418
Trade payables	**852,194**	818,022
Sales commission payable	**164,594**	96,526
Lease liabilities	**10,526**	-
Payable to authorities	**39,699**	52,905
Other payables and accruals	**535,178**	442,299
	10,897,663	10,262,488

14 INTEREST-BEARING LOANS AND BORROWINGS

On 27 September 2017, the Group entered into a 5 year Murabaha financing facility (the "Facility") agreement for an amount of USD 1,300,000 thousands (AED 4,774,900 thousands) with First Abu Dhabi Bank PJSC. The Facility is secured against cash flows of certain projects of the Group, carries profit rate at LIBOR plus 1.40 % per annum (31 December 2018: LIBOR plus 1.4% per annum) and is fully repayable by 2022. As at the reporting date, the Group has drawn down USD 1,080,000 thousands (AED 3,966,840 thousands) from the Facility. The Facility is presented in the interim condensed consolidated financial statements at AED 3,933,416 thousands (31 December 2018: AED 3,931,028 thousands) net of unamortised directly attributable transaction cost.

15 GUARANTEES AND CONTINGENCIES

The Group has provided a performance guarantee of AED 6,211,798 thousands (31 December 2018: AED 5,614,424 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its projects as per RERA regulations.

16 COMMITMENTS

At 31 March 2019, the Group had commitments of AED 9,483,325 thousands (31 December 2018: AED 8,403,111 thousands). This represents the value of contracts entered into by the Group including contracts entered into for purchase of plots of land at period/year end, net of invoices received and accruals made at that date. There were certain claims submitted by contractors relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

17 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party transactions
During the period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	Three-month period ended	
	31 March 2019 AED'000	*31 March 2018 AED'000*
Ultimate Parent:		
Selling, general and administrative expenses (refer (i) below)	**107,857**	104,408
Finance cost (refer (iii) below)	**10,143**	-
Affiliated entities:		
Selling, general and administrative expenses	**4,146**	2,664
Property development expenses	**8,640**	23,154
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	**350**	810

Related party balances
Significant related party balances (and the interim consolidated statement of financial position captions within which these are included) are as follows:

	31 March 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Ultimate Parent:		
Other assets, receivables, deposits and prepayments (refer (ii) below)	**1,894,022**	2,230,240
Trade and other payables (refer (iii) below)	**2,664,741**	1,999,442
Affiliated entities:		
Other assets, receivables, deposits and prepayments	**26,167**	26,167
Trade and other payables	**-**	9,379

17 RELATED PARTY DISCLOSURES (continued)

(i) Allocation of corporate expenses:
Ultimate Parent has provided certain corporate functions to the Group and costs associated with these functions were allocated to the Group. These functions included human resources, treasury, investor relations, finance and accounting, compliance, information technology, corporate and legal compliance, business development and marketing. As per Relationship Agreement, corporate expenses are allocated by the Ultimate Parent on the basis of 3% of revenue of the Group.

(ii) Recoverable from Ultimate Parent:
This represents balances recoverable from the Ultimate Parent with respect to the development costs incurred for the Build-to-sell (BTS) developments in Dubai Creek Harbour project. As agreed in the Master Transfer Agreement (MTA), the Ultimate Parent has transferred the development services agreement relating to the BTS development in Dubai Creek Harbour project to the Company, for which the development costs including infrastructure costs are incurred by the Company. These balances will be recovered as per the agreed terms in the MTA.

(iii) Funding from a related party:
This includes funding received from the Ultimate Parent which carries interest rate of LIBOR plus 1.4% per annum and is payable on demand.

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

	31 March 2019 AED'000	*31 March 2018 AED'000*
Short-term benefits	**30,623**	23,509
Employees' end-of-service benefits	**77**	629
	30,700	24,138

During the period, the number of key management personnel is 66 (31 March 2018: 74).

18 DIVIDEND

Subsequent to the reporting date, a cash dividend of AED 0.26 per share for 2018 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 23 April 2019.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade and unbilled receivables, loans and advances, other receivables, deposits and due from related parties. Financial liabilities of the Group include interest-bearing loans and borrowings, customer deposits, accounts payable, retentions payable, payable to related parties and other payables.

Fair value of the financial instruments is included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.