Emaar Malls PJSC and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2019

Emaar Malls PJSC and its subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2019

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Emaar Malls PJSC

Introduction

We have reviewed the accompanying 30 June 2019 interim condensed consolidated financial statements of Emaar Malls PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim consolidated income statement for the three month and six month periods ended 30 June 2019;
- the interim consolidated statement of other comprehensive income for the three month and six month periods ended 30 June 2019;
- the interim consolidated statement of financial position as at 30 June 2019;
- the interim consolidated statement of cash flows for the six month period ended 30 June 2019;
- the interim consolidated statement of changes in equity for the six month period ended 30 June 2019; and
- notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2019 interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Other Matter

The interim condensed consolidated financial statements of the Group as at and for the three months and six months period ended 30 June 2018 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 5 August 2018.

The interim condensed consolidated financial statements of the Group as at and for the three months period ended 31 March 2019 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 7 May 2019.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 20 March 2019.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 04 AUG 2019

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INTERIM CONSOLIDATED INCOME STATEMENT
For the period ended 30 June 2019 (Unaudited)

		(US$ 1.00 = AED 3.673)			
	Notes	***1 January 2019 to 30 June 2019 AED'000***	*1 January 2018 to 30 June 2018 AED'000*	***1 April 2019 to 30 June 2019 AED'000***	*1 April 2018 to 30 June 2018 AED'000*
Revenue	4	**2,227,348**	2,103,164	**1,152,714**	1,065,289
Cost of revenue	5	**(529,054)**	(490,108)	**(304,517)**	(264,920)
GROSS PROFIT		**1,698,294**	1,613,056	**848,197**	800,369
Sales and marketing expenses		**(149,687)**	(136,822)	**(83,361)**	(73,404)
General and administrative expenses		**(114,239)**	(99,581)	**(55,009)**	(52,213)
Depreciation and amortisation		**(218,921)**	(220,804)	**(109,784)**	(117,166)
OPERATING PROFIT FOR THE PERIOD		**1,215,447**	1,155,849	**600,043**	557,586
Finance income		**2,238**	44,468	**693**	21,603
Finance costs	6	**(109,486)**	(159,479)	**(54,482)**	(81,550)
Gain on disposal of assets held for sale		**-**	48,877	**-**	48,877
Gain on settlement of put option over non-controlling interests	20	**15,689**	-	**-**	-
PROFIT FOR THE PERIOD	7	**1,123,888**	1,089,715	**546,254**	546,516
ATTRIBUTABLE TO:					
Equity holders of the parent		**1,129,758**	1,102,020	**546,254**	553,744
Non-controlling interests		**(5,870)**	(12,305)	**-**	(7,228)
		1,123,888	1,089,715	**546,254**	546,516
Earnings per share (AED): Equity holders of the parent basic and diluted	8	**0.09**	0.08	**0.04**	0.04

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2019 (Unaudited)

		(US$ 1.00 = AED 3.673)			
	Notes	***1 January 2019 to 30 June 2019 AED'000***	*1 January 2018 to 30 June 2018 AED'000*	***1 April 2019 to 30 June 2019 AED'000***	*1 April 2018 to 30 June 2018 AED'000*
PROFIT FOR THE PERIOD		**1,123,888**	1,089,715	**546,254**	546,516
Other comprehensive income to be reclassified to the interim consolidated income statement in subsequent period:					
Net movement on cash flow hedges	17	**-**	11,485	**-**	(1,056)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,123,888**	1,101,200	**546,254**	545,460
ATTRIBUTABLE TO:					
Equity holders of the parent		**1,129,758**	1,113,505	**546,254**	552,688
Non-controlling interests		**(5,870)**	(12,305)	**-**	(7,228)
		1,123,888	1,101,200	**546,254**	545,460

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

(US $1.00 = AED 3.673)

	Notes	*30 June 2019 AED'000 (Unaudited)*	*31 December 2018 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**158,097**	161,053
Investment properties	10	**22,201,775**	22,228,694
Goodwill and intangible assets	11	**563,475**	569,249
Right-of-use assets	2(a)	**26,185**	-
		22,949,532	22,958,996
Current assets			
Inventories		**173,237**	126,350
Trade and unbilled receivables	12	**508,886**	404,180
Advances, prepayments and other receivables		**199,456**	217,662
Due from related parties	13	**141,326**	158,768
Bank balances and cash	14	**200,320**	265,564
		1,223,225	1,172,524
TOTAL ASSETS		**24,172,757**	24,131,520
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**13,014,300**	13,014,300
Reserves	17	**1,745,710**	1,277,052
Retained earnings		**2,445,050**	2,969,732
Equity attributable to the equity holders of the parent		**17,205,060**	17,261,084
Non-controlling interests		**-**	147,040
TOTAL EQUITY		**17,205,060**	17,408,124
Non-current liabilities			
Employees' end of service benefits		**27,329**	24,120
Interest bearing loans and borrowings	18	**1,807,526**	1,182,370
Sukuk	19	**2,742,789**	2,741,736
Put option over non-controlling interests	20	**-**	488,452
Retentions payable after 12 months		**16,817**	17,404
Lease liabilities payable after 12 months	2(a)	**10,842**	-
		4,605,303	4,454,082
Current liabilities			
Due to related parties	13	**175,415**	118,440
Accounts payable and accruals	21	**914,633**	937,461
Advances and security deposits		**1,064,941**	1,002,035
Retentions payable within 12 months		**12,430**	13,375
Lease liabilities payable within 12 months	2(a)	**10,898**	-
Deferred income		**184,077**	198,003
		2,362,394	2,269,314
TOTAL LIABILITIES		**6,967,697**	6,723,396
TOTAL EQUITY AND LIABILITIES		**24,172,757**	24,131,520

These interim condensed consolidated financial statements were authorised for issue on 4 August 2019 by Board of Directors and signed on their behalf by:

Chairman

Director

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2019 (Unaudited)

(US $1.00 = AED 3.673)

	Notes	***1 January 2019 to 30 June 2019 AED'000***	*1 January 2018 to 30 June 2018 AED'000*
OPERATING ACTIVITIES			
Profit for the period		**1,123,888**	1,089,715
Adjustments for:			
Depreciation of property, plant and equipment	9	**12,904**	17,719
Depreciation of investment properties	10	**196,093**	197,311
Amoritisation of intangible assets with definite useful life	11	**5,774**	5,774
Depreciation of right-of-use assets	2(a)	**4,150**	-
Provision for doubtful debts	12	**12,175**	(6,561)
Provision for employees' end of service benefits		**5,399**	2,570
Reversal of Provision for employees' equity option plan		**(1,330)**	-
Finance costs	6	**109,486**	159,479
Gain on settlement of put option over non-controlling interests	20	**(15,689)**	-
Gain on disposal of property, plant and equipment		**-**	(4)
Gain on disposal of assets classified as held for sale		**-**	(48,877)
Finance income		**(2,238)**	(44,468)
		1,450,612	1,372,658
Working capital changes:			
Inventories		**(46,887)**	(25,739)
Trade receivables		**(116,881)**	(82,366)
Due from related parties		**17,442**	(58,640)
Advances, prepayments and other receivables		**12,372**	(37,920)
Due to related parties		**56,975**	141,896
Accounts payable and accruals		**(34,260)**	51,065
Advances and security deposits		**62,906**	(117,206)
Retentions payable		**(1,532)**	4,615
Deferred income		**(13,926)**	46,589
Net cash flows from operations		**1,386,821**	1,294,952
Employees' end of service benefits paid		**(860)**	(1,872)
Net cash flows from operating activities		**1,385,961**	1,293,080
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	**(9,948)**	(6,500)
Amounts incurred on investment properties	10	**(161,654)**	(300,741)
Interest received		**2,244**	38,145
Proceeds from disposal of assets classified as held for sale		**-**	15,863
Proceeds from disposal of property, plant and equipment		**-**	4
Deposits under lien or maturing after three months		**-**	462,398
Net cash flows used in investing activities		**(169,358)**	209,169
FINANCING ACTIVITIES			
Acquisition of non-controlling interests		**(496,872)**	-
Proceeds from interest bearing loans and borrowings		**1,109,246**	-
Repayment of interest bearing loans and borrowings		**(484,836)**	-
Finance cost paid		**(98,577)**	(145,133)
Payment of lease liabilities	2(a)	**(4,828)**	-
Dividends paid	16	**(1,301,430)**	(1,301,430)
Bonus paid to Board of Directors	13(c)	**(4,550)**	(4,900)
Net cash flows used in financing activities		**(1,281,847)**	(1,451,463)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(65,244)**	50,786
Cash and cash equivalents at 1 January		**265,564**	142,626
CASH AND CASH EQUIVALENTS AT 30 JUNE	14	**200,320**	193,412
SUPPLEMENTAL NON-CASH INFORMATION			
Investment properties project cost accruals		**7,520**	383,162

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2019 (Unaudited)

	Equity attributable to equity holders of the Parent					
	Share capital AED'000	***Reserves AED'000***	***Retained earnings AED'000***	***Total AED'000***	***Non-controlling interests AED'000***	***Total equity AED'000***
1 January 2019 to 30 June 2019						
As at 1 January 2018 (Audited)	13,014,300	1,277,052	2,969,732	17,261,084	147,040	17,408,124
Profit / (loss) for the period	-	-	1,129,758	1,129,758	(5,870)	1,123,888
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	1,129,758	1,129,758	(5,870)	1,123,888
Dividends paid (note 16)	-	-	(1,301,430)	(1,301,430)	-	(1,301,430)
Directors' bonus [note 13(c)]	-	-	(4,550)	(4,550)	-	(4,550)
Acquisition of non-controlling interests (note 1)	-	468,658	(348,460)	120,198	(141,170)	(20,972)
As at 30 June 2019	**13,014,300**	**1,745,710**	**2,445,050**	**17,205,060**	**-**	**17,205,060**

	Equity attributable to equity holders of the Parent					
	Share capital AED'000	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
1 January 2018 to 30 June 2018						
As at 1 January 2018 (Audited)	13,014,300	843,068	2,492,107	16,349,475	176,894	16,526,369
Profit/ (loss) for the period	-	-	1,102,020	1,102,020	(12,305)	1,089,715
Other comprehensive income for the period	-	11,485	-	11,485	-	11,485
Total comprehensive income for the period	-	11,485	1,102,020	1,113,505	(12,305)	1,101,200
Dividends paid (note 16)	-	-	(1,301,430)	(1,301,430)	-	(1,301,430)
Directors' bonus [note 13(c)]	-	-	(4,900)	(4,900)	-	(4,900)
As at 30 June 2018	13,014,300	854,553	2,287,797	16,156,650	164,589	16,321,239

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Emaar Malls Public Joint Stock Company (the "Company") and its subsidiaries (together the "Group") was established as a public joint stock company by Ministerial Decree number 922 of the year 2014 dated 30 September 2014.

The Company is a subsidiary of Emaar Properties PJSC (the "Parent Company"), a company incorporated in the United Arab Emirates and listed on the Dubai Financial Market. During the year ended 31 December 2014, the Parent Company converted the legal status of the Company from that of a limited liability company to public joint stock company and sold 15.37% of their shareholding in the Company through an Initial Public Offering ("IPO"). The Company is listed on the Dubai Financial Market and its shares were traded with effect from 2 October 2014.

The principal activities of the Group are retail development and management of shopping malls and online retail.

The address of the registered office of the Group is P.O. Box 191741, Dubai, United Arab Emirates.

During the period, on 25 February 2019, the Company acquired the remaining 49% equity stake in its subsidiary, Namshi Holding Limited ("Namshi") for a consideration of AED 496,872 thousands. Total consideration includes the amount paid to Global Fashion Group ("GFG") amounting to AED 475,900 thousands (note 20) and other shareholders of Namshi amounting to AED 20,972. The difference in the amount of consideration paid and the non-controlling interests amounting to AED 348,460 thousands has been directly recognised in the interim consolidated statement of changes in equity as required under IFRS 10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and applicable requirements of United Arab Emirates law.

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 and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

Results for the six-months period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019.

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.

Basis of consolidation

The consolidated interim condensed financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June 2019. Control is achieved where all the following criteria are met:

(a) the Company has power over an entity;
(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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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 year are included in the consolidated income statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries 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 profit and loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The details of the Company's significant subsidiaries are as follows:

Name of the subsidiary	***Country of incorporation***	***Principal activity***	***Legal Ownership***	
			2019	*2018*
The Dubai Mall LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Emaar Dubai Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Emaar International Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Namshi Holding Limited	UAE	Holding company for Namshi group companies engaged in online retail business and related services	**100%**	51%

These entities are 100% beneficially owned by the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial information of special purpose entities is included in the Group's interim condensed consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

(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 of the Group 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.

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 warehouses and offices. 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 income statement 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 16 Leases (continued)

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 16 Leases (continued)

c) Amounts recognised in the interim consolidated statement of financial position and income statement

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	**29,739**	**25,468**
Additions during the period	**596**	**596**
Depreciation expense	**4,150**	**-**
Interest expense	**-**	**504**
Payments	**-**	**(4,828)**
As at 30 June 2019	**26,185**	**21,740**

Lease liabilities are payable as below:

Lease liabilities payable after 12 months	**10,842**
Lease liabilities payable within 12 months	**10,898**
Balance as at period end	**21,740**

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

	1 January 2019 to 30 June 2019 AED'000
Depreciation expense of right-of-use assets	**4,150**
Interest expense on lease liabilities	**504**
Total amounts recognised in interim consolidated income statement	**4,654**

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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 as the Group does not have long-term interests in its associate and joint venture.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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).

3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the net profit or loss in the interim condensed consolidated financial statements.

Geographic segment

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

Business segments

For management purposes, the Group is organised into six segments, namely:

Super Regional Malls:
Super regional malls include shopping centres which individually hold gross leasable area of more than 800 thousands sq. ft.

Regional Malls:
Regional malls include shopping centres individually holds gross leasable area of more than 400 thousands sq. ft. but less than 800 thousands sq. ft.

Community Retail:
Community Retail includes shopping centres or retail outlets individually hold gross leasable area of less than 400 thousands sq. ft.

Specialty Retail:
Specialty retail includes shopping centres mainly offering specialty stores for fine and casual dining, commercial offices or retail outlets of manufacturers.

Online Retail:
Namshi, a regional online fashion portal, constitutes the online retail business segment of the Group.

Others:
Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments* and head office balances.

3 SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables include revenue, results and other segment information from 1 January 2019 to 30 June 2019, 1 April 2019 to 30 June 2019, 1 January 2018 to 30 June 2018 and 1 April 2018 to 30 June 2018. Assets and liabilities information regarding business segments are presented as at 30 June 2019 and 31 December 2018.

	Super Regional Malls AED'000	***Regional Malls AED'000***	***Community Retail AED'000***	***Specialty Retail AED'000***	***Online Retail AED'000***	***Others AED'000***	***Total AED'000***
1 January 2019 to 30 June 2019:							
Revenue:							
Rental income from leased properties	**1,528,296**	**90,807**	**124,447**	**60,457**	**-**	**1,125**	**1,805,132**
Online retail	**-**	**-**	**-**	**-**	**422,216**	**-**	**422,216**
Total Revenue	**1,528,296**	**90,807**	**124,447**	**60,457**	**422,216**	**1,125**	**2,227,348**
Results:							
Profit/(loss) for the period	**1,113,370**	**50,758**	**68,668**	**32,686**	**(27,986)**	**(113,608)**	**1,123,888**
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	**157,365**	**9,036**	**4,369**	**4,123**	**1,448**	**2,781**	**179,122**
Depreciation and amortisation: (Property, plant and equipment, investment properties, right to use asset and intangible assets)	**157,560**	**15,072**	**22,775**	**10,799**	**11,662**	**1,053**	**218,921**
Finance costs	**-**	**-**	**-**	**-**	**1,346**	**108,140**	**109,486**

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls	*Regional Malls*	*Community Retail*	*Specialty Retail*	*Online Retail*	*Others*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
1 April 2019 to 30 June 2019:							
Revenue:							
Rental income from leased properties	**755,956**	**45,077**	**65,030**	**29,870**	**-**	**1,125**	**897,058**
Online retail	**-**	**-**	**-**	**-**	**255,656**	**-**	**255,656**
Total Revenue	**755,956**	**45,077**	**65,030**	**29,870**	**255,656**	**1,125**	**1,152,714**
Results:							
Profit/(loss) for the period	**545,488**	**26,135**	**36,425**	**15,658**	**(16,051)**	**(61,401)**	**546,254**
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	**94,553**	**5,387**	**2,165**	**2,706**	**940**	**999**	**106,750**
Depreciation and amortisation: (Property, plant and equipment, investment properties and intangible assets)	**79,043**	**7,350**	**11,277**	**5,406**	**6,198**	**510**	**109,784**
Finance costs	**-**	**-**	**-**	**-**	**419**	**54,063**	**54,482**
Assets and liabilities As at 30 June 2019:							
Segment assets	**19,983,693**	**1,270,167**	**969,535**	**1,381,466**	**517,204**	**50,692**	**24,172,757**
Segment liabilities	**1,603,842**	**86,190**	**227,571**	**83,638**	**934,094**	**4,032,362**	**6,967,697**

3 SEGMENT INFORMATION (continued)

Business segments (continued)

1 January 2018 to 30 June 2018:	*Super Regional Malls AED'000*	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
Revenue:							
Rental income from leased properties	1,445,385	92,928	111,617	69,504	-	-	1,719,434
Online retail	-	-	-	-	383,730	-	383,730
Total Revenue	1,445,385	92,928	111,617	69,504	383,730	-	2,103,164
Results:							
Profit/(loss) for the period	1,027,106	52,624	113,052	40,141	(24,251)	(118,957)	1,089,715
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	565,942	4,558	115,351	1,658	1,607	1,287	690,403
Depreciation and amortisation: (Property, plant and equipment, investment properties and intangible assets)	160,811	19,414	19,396	11,616	7,576	1,991	220,804
Finance costs	-	-	-	-	283	159,196	159,479

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls AED'000	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
1 April 2018 to 30 June 2018:							
Revenue:							
Rental income from leased properties	727,901	44,974	51,454	32,965	-	-	857,294
Online retail	-	-	-	-	207,995	-	207,995
Total Revenue	727,901	44,974	51,454	32,965	207,995	-	1,065,289
Results:							
Profit / (loss) for the period (a)	501,666	24,783	75,098	16,812	(14,352)	(57,491)	546,516
Other segment information:							
Capital expenditure (Property, plant and equipment and investment properties)	179,145	2,165	76,923	435	1,330	556	260,554
Depreciation and amortisation (Property, plant and equipment, investment properties and intangible assets)	86,755	9,825	10,123	5,743	3,790	930	117,166
Finance costs	-	-	-	-	283	81,267	81,550
Assets and liabilities							
As at 31 December 2018(Audited):							
Segment assets	19,949,368	1,259,025	961,113	1,361,629	479,659	120,726	24,131,520
Segment liabilities	1,605,967	84,367	206,987	78,428	389,741	4,357,906	6,723,396

4 REVENUE

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*	***1 April 2019 to 30 June 2019 AED'000***	*1 April 2018 to 30 June 2018 AED'000*
Rental income from leased properties				
Base rent	**1,351,179**	1,291,100	**668,758**	661,926
Turnover rent	**49,089**	60,970	**28,367**	14,344
Services charges	**184,828**	169,201	**91,621**	85,571
Promotion and marketing contribution	**30,636**	28,553	**15,459**	14,912
Specialty leasing	**99,914**	91,308	**49,293**	43,188
Multimedia	**31,454**	32,799	**15,686**	17,810
Others	**58,032**	45,503	**27,874**	19,543
	1,805,132	1,719,434	**897,058**	857,294
Online retail	**422,216**	383,730	**255,656**	207,995
	2,227,348	2,103,164	**1,152,714**	1,065,289

5 COST OF REVENUE

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*	***1 April 2019 to 30 June 2019 AED'000***	*1 April 2018 to 30 June 2018 AED'000*
Operating cost of leasing activities				
Housekeeping and facility management	**96,390**	88,536	**48,666**	44,979
Direct staff costs	**36,620**	48,278	**19,117**	25,917
Utilities – net	**24,989**	23,291	**13,640**	15,302
Security	**18,592**	17,978	**9,152**	9,909
Others	**34,581**	34,290	**17,643**	17,329
	211,172	212,373	**108,218**	113,436
Cost of online retail revenue	**317,882**	277,735	**196,299**	151,484
	529,054	490,108	**304,517**	264,920

6 FINANCE COSTS

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*	***1 April 2019 to 30 June 2019 AED'000***	*1 April 2018 to 30 June 2018 AED'000*
Interest on loans and borrowings	**103,958**	145,357	**53,494**	74,397
Others	**5,528**	14,122	**988**	7,153
	109,486	159,479	**54,482**	81,550

7 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*	**1 April 2019 to 30 June 2019 AED'000**	*1 April 2018 to 30 June 2018 AED'000*
Indirect staff costs	**52,527**	40,449	**27,179**	19,932

8 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*	**1 April 2019 to 30 June 2019 AED'000**	*1 April 2018 to 30 June 2018 AED'000*
Earnings:				
Profit attributable to the shareholders for basis or diluted earnings per share	**1,129,758**	1,102,020	**546,254**	553,744
No of shares:				
Weighted average number of ordinary shares for basic and diluted earnings per share	**13,014,300**	13,014,300	**13,014,300**	13,014,300
Earnings per share (AED):				
- basic and diluted	**0.09**	0.08	**0.04**	0.04

9 PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2019, the Group purchased property, plant and equipment of AED 9,948 thousands (period ended 30 June 2018: AED 6,500 thousands) and charged depreciation expense to the interim consolidated income statement of AED 12,904 thousands (period ended 30 June 2018: AED 17,719 thousands).

10 INVESTMENT PROPERTIES

During the period ended 30 June 2019, the Group had additions of AED 169,174 thousands (period ended 30 June 2018: AED 683,903thousands) and charged depreciation expense to the interim consolidated income statement of AED 196,093 thousands (period ended 30 June 2018: AED 197,311 thousands).

The fair value of Group's freehold interests in investment properties at 31 December 2018 amounting to AED 53,284,977 thousands was determined by management based on valuations performed by independent valuer. Based on management assessment there was no material change in the fair value of the Group's investment properties for the period ended 30 June 2019.

11 GOODWILL AND INTANGIBLE ASSETS

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Goodwill	**365,012**	365,012
Other intangible assets	**198,463**	204,237
	563,475	569,249

During the period ended 30 June 2019, the Group charged amortisation expense to interim consolidated income statement of AED 5,774 thousands (period ended 30 June 2018: AED 5,774 thousands).

12 TRADE AND UNBILLED RECEIVABLES

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Trade receivables – net	**403,840**	312,179
Unbilled receivables	**105,046**	92,001
	508,886	404,180

Trade receivables include amounts due from related parties amounting to AED 30,480 thousands (31 December 2018: AED 7,791 thousands) [note 13 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 101,720 thousands (31 December 2018: AED 89,581 thousands) representing management's best estimate of doubtful trade receivables.

Movement in the allowance for doubtful debts is as follows:

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Balance at 1 January	**89,581**	85,356
Net charge for the period / year	**12,175**	15,693
Write off / adjustments during the period / year -net	**(36)**	(11,468)
Balance at period / year end	**101,720**	89,581

13 RELATED PARTY DISCLOSURES

(a) 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:

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*
Revenue		
Rental income from leased properties		
Parent Company	**17,455**	9,182
Affiliated entities	**47,776**	30,218
Entities owned or controlled by Directors and other related parties	**45,100**	42,296
	110,331	81,696
Cost of revenue		
Operating cost of leasing activities – net		
Parent Company	**19,880**	21,806
Affiliated entities	**120,070**	109,050
Entities owned or controlled by Directors and other related parties	**(969)**	(1,480)
Sales and marketing expenses		
Parent Company	**3,139**	4,737
Affiliated entities	**380**	1,586
Entities owned or controlled by Directors and other related parties	**13,605**	2,150
General and administrative expenses		
Parent Company	**31,497**	40,074
Affiliated entities	**867**	1,347
Entities owned or controlled by Directors and other related parties	**639**	705
Finance income		
Entities owned or controlled by Directors and other related parties	**338**	6,981
Finance costs		
Entities owned or controlled by Directors and other related parties	**5,828**	-
Capital expenditures		
Affiliated entities	**-**	3,261

13 RELATED PARTY DISCLOSURES (continued)

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

30 June 2019	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade and unbilled receivables AED '000*	*Interest bearing loans and borrowings AED '000*	*Due to related parties AED '000*	*Deferred income AED '000*	*Trade payables AED '000*
Non-current							
Entities owned or controlled by Directors and other related parties	**-**	**-**	**-**	**272,720**	**-**	**-**	**-**
	-	**-**	**-**	**272,720**	**-**	**-**	**-**
Current							
Parent Company	**-**	**-**	**-**	**-**	**89,157**	**1,615**	**-**
Affiliated entities	**-**	**141,326**	**-**	**-**	**86,258**	**24,294**	**-**
Entities owned or controlled by Directors and other related parties	**35,195**	**-**	**30,480**	**-**	**-**	**25,609**	**161**
	35,195	**141,326**	**30,480**	**-**	**175,415**	**51,518**	**161**

Outstanding balances are secured and interest-bearing. For the periods ended 30 June 2019 and year ended 31 December 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

13 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim consolidated statement of financial position are as follows (continued):

31 December 2018 (Audited)	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade and unbilled receivables AED '000*	*interest bearing loans and borrowings AED '000*	*Due to related parties AED '000*	*Deferred income AED '000*	*Trade payables AED '000*
Non-current							
Entities owned or controlled by Directors and other related parties	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Current							
Parent Company	-	-	-	-	64,934	-	-
Affiliated entities	-	158,768	-	-	53,506	40,995	-
Entities owned or controlled by Directors and other related parties	134,682	-	7,791	-	-	28,117	163
	134,682	158,768	7,791	-	118,440	69,112	163

13 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	1 January 2019 to 30 June 2019 AED'000	*1 January 2018 to 30 June 2018 AED'000*
Short term benefits	**14,324**	12,607
End of service benefits	**2,263**	374

As at 30 June 2019, the number of key management personnel was 18 (30 June 2018: 17).

During the period, the Company has paid bonus to the members of the Board of Directors amounting to AED 650 thousands for each board member (including the Chairman and Vice Chairman of the Board of Directors) for the year 2018 as approved by the shareholders at the Annual General Meeting of the Company held on 23 April 2019.

14 BANK BALANCES AND CASH

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Cash in hand	**329**	233
Bank balances:		
Current and call accounts	**167,672**	126,361
Deposits maturing within three months	**32,319**	138,970
Balance at period / year end	**200,320**	265,564

Included in the bank balances and cash is an amount of AED 35,195 thousands (31 December 2018: AED 134,682 thousands) as balance held with related party [note 13(b)].

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 six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Impairment on cash and cash equivalents have been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its balances with banks have low credit risk based on the external credit ratings of the counter parties and hence no credit losses are required to be recognized as at the reporting date.

15 SHARE CAPITAL

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Authorised capital – 13,014,300,000 shares of AED 1 each (2018: 13,014,300,000 shares of AED 1 each)	**13,014,300**	13,014,300
Issued and fully paid – 13,014,300,000 shares of AED 1 each (2018: 13,014,300,000 shares of AED 1 each)	**13,014,300**	13,014,300

16 DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2018 (2017: AED 0.10 per share) was approved by the shareholders of the Company at the Annual General Meeting held on 23 April 2019 and was paid during the period ended 30 June 2019.

17 RESERVES

Movement in reserves is as follows:

	Statutory reserve AED'000	***Legal reserve AED'000***	***Hedging reserve AED'000***	***Put option over non-controlling interests AED'000***	***Total AED'000***
1 January 2019 to 30 June 2019:					
As at 1 January 2019 *(Audited)*	919,848	825,862	-	(468,658)	1,277,052
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Acquisition of non-controlling interests (note 20)	-	-	-	468,658	468,658
As at 30 June 2019	**919,848**	**825,862**	**-**	**-**	**1,745,710**

	Statutory reserve AED'000	*Legal reserve AED'000*	*Hedging reserve AED'000*	*Put option over non-controlling interests AED'000*	*Total AED'000*
1 January 2018 to 30 June 2018:					
As at 1 January 2018 (Audited)	696,854	602,868	12,004	(468,658)	843,068
Other comprehensive income for the period	-	-	11,485	-	11,485
Total comprehensive income for the period	-	-	11,485	-	11,485
As at 30 June 2018	696,854	602,868	23,489	(468,658)	854,553

As required by the UAE Federal Commercial Companies Law No. (2) of 2015 and the Article number 57 of the Company's Article of Association, 10% of the net profit for the year shall be transferred to legal reserve until it reaches 50% of the share capital. Further, 10% of the net profit for the year shall be transferred to statutory reserve until it reaches 50% of the paid-up share capital. These reserves are not available for distribution except in the circumstances stipulated by the law.

18 INTEREST BEARING LOANS AND BORROWINGS

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Balance as at 1 January	**1,193,725**	4,591,250
Movement during the period/ year		
Less: Repaid during the period/ year	**(484,836)**	(4,591,250)
Add: Borrowed during the period/ year	**1,109,246**	1,193,725
Balance as at period / year end	**1,818,135**	1,193,725
Less: unamortised portion of loan arrangement fee	**(10,609)**	(11,355)
Net interest bearing loans and borrowings at period / year end	**1,807,526**	1,182,370
Interest-bearing loans and borrowings maturity profile:		
After one year (shown under non-current liabilities)	**1,807,526**	1,182,370
Balance as at period / year end	**1,807,526**	1,182,370

During the year 2018, the Group has fully repaid Syndicated Murhabha Islamic finance facility for USD 1.25 billion (AED 4,591,250 thousands) availed from the commercial banks in the UAE. The previous facility is replaced with Revolving Islamic Finance facility for USD 2 billion (AED 7,346,000 thousands) availed from the commercial banks in the UAE. The facility is unsecured and carries profit rate at 3 months LIBOR + 1.25% pa.

19 SUKUK

EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands) on 18 June 2014. The Sukuk is listed on NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.564% per annum to be paid semi-annually. The carrying value of the Sukuk is as follows:

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Proceeds from the issuance of the Sukuk	**2,754,750**	2,754,750
Less: Sukuk issuance cost	**(21,587)**	(21,587)
Sukuk liability on initial recognition	**2,733,163**	2,733,163
Profit accrued up to period / year-end	**9,626**	8,573
Sukuk liability as at period / year-end	**2,742,789**	2,741,736

20 PUT OPTION OVER NON-CONTROLLING INTERESTS

Pursuant to the Shareholders' Agreement which was executed between the Company and GFG on 16 August 2018 in relation to the acquisition of Namshi, the Company granted a put option to GFG in respect of GFG's shareholding in Namshi. GFG had the right to require the Company to acquire GFG's entire shareholding in Namshi.

During the period, on 25 February 2019, the Company acquired the remaining GFG's shareholding in Namshi for a consideration of AED 475,900 thousands (note 1).

Upon acquisition of remaining GFG's shareholding in Namshi, the non-current financial liability previously recognised in the consolidated statement of financial position has been derecognised in the current period. The Group has recognised a gain on settlement of put option over non-controlling interests amounting to AED 15,689 thousands in the interim consolidated income statement.

21 ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Trade payables	**172,876**	99,126
Accrued expenses	**702,410**	779,445
Interest payable	**12,032**	7,616
Other payables	**27,315**	51,274
	914,633	937,461

Included in the trade payables is an amount of AED 161 thousands (31 December 2018: AED 163 thousands) due to related parties [note 13(b)].

22 COMMITMENTS AND CONTINGENCIES

Commitments

At 30 June 2019, the Group had commitments of AED 923,627 thousands (31 December 2018: AED 878,729 thousands) which includes project commitments of AED 628,735 thousands (31 December 2018: AED 500,478 thousands). This represents the value of contracts issued as at reporting date net of invoices received and accruals made as at that date.

Operating lease commitments - Group as lessor

The Group leases out its property under operating leases as a lessor. The future minimum lease payments receivable (base rent) under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	30 June 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Within one year	**2,493,862**	2,533,472
After one year but not more than five years	**4,590,429**	4,922,800
More than five years	**707,217**	677,204
	7,791,508	8,133,476

22 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments - Group as lessor (continued)

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 June 2019 was AED 184,828 thousands (period ended 30 June 2018: AED 169,201 thousands).

Legal claims

As at 30 June 2019, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 13,743 thousands (31 December 2018: AED 2,265 thousands). Based on the advice of legal advisors, outcome of these claims will have no material adverse impact on the interim condensed consolidated financial statements of the Group.