Aldar Properties PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2018

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ALDAR PROPERTIES PJSC

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2018 comprising of the interim condensed consolidated statement of financial position as at 31 March 2018 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "*Interim Financial Reporting* (IAS 34)". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it 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.

Signed by:
Anthony O'Sullivan
Partner
Ernst & Young
Registration No 687

14 May 2018
Abu Dhabi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	*(Unaudited)* *31 March 2018* *AED'000*	*(Audited)* *31 December 2017* *AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,859,334**	2,930,941
Intangible assets		**5,962**	5,104
Investment properties	6	**16,141,462**	16,076,549
Investment in associates and joint ventures	7	**980,035**	957,631
Investment in financial assets at fair value through other comprehensive income	8	**133,045**	119,389
Trade and other receivables	9	**350,447**	427,211
Other financial assets		**46,604**	-
Total non-current assets		**20,516,889**	20,516,825
Current assets			
Land held for sale		**2,342,180**	2,305,747
Development work in progress	10	**1,314,817**	1,476,818
Inventories	11	**585,588**	286,601
Trade and other receivables	9	**5,063,997**	4,925,449
Cash and bank balances	12	**4,901,714**	6,885,486
Total current assets		**14,208,296**	15,880,101
TOTAL ASSETS		**34,725,185**	36,396,926
EQUITY AND LIABILITIES			
Equity			
Share capital		**7,862,630**	7,862,630
Statutory reserve		**3,931,315**	3,931,315
Hedging reserve		**41,943**	(17,024)
Fair value reserve		**43,584**	44,084
Retained earnings		**10,926,500**	11,200,549
Equity attributable to the owners of the Company		**22,805,972**	23,021,554
Non-controlling interests		**212,635**	213,611
Total equity		**23,018,607**	23,235,165
Non-current liabilities			
Bank borrowing	13	**2,379,983**	2,376,275
Retentions payable		**232,810**	311,389
Provision for employees' end of service benefit		**144,460**	141,763
Other financial liabilities		**5,773**	16,263
Total non-current liabilities		**2,763,026**	2,845,690
Current liabilities			
Non-convertible Sukuk	13	**2,793,181**	2,762,570
Bank borrowing	13	**415,758**	817,173
Retentions payable		**421,749**	310,175
Advances from customers	14	**435,783**	469,854
Trade and other payables	15	**4,877,081**	5,956,299
Total current liabilities		**8,943,552**	10,316,071
Total liabilities		**11,706,578**	13,161,761
TOTAL EQUITY AND LIABILITIES		**34,725,185**	36,396,926

Mohammed Al Mubarak	Talal Al Dhiyebi	Greg Fewer
Chairman	Chief Executive Officer	Chief Financial Officer

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 31 March 2018 (Unaudited)

	Notes	*Three months ended 31 March* 2018 AED'000	2017 AED'000
Revenue		**1,469,925**	1,577,690
Direct costs		**(754,487)**	(824,889)
GROSS PROFIT		**715,438**	752,801
Selling and marketing expenses		**(22,288)**	(17,738)
General and administrative expenses			
Staff costs		**(50,699)**	(55,843)
Depreciation and amortisation		**(44,759)**	(49,770)
Provisions, impairments and write downs - net		**(7,769)**	(5,765)
Others		**(24,248)**	(12,196)
Loss on revaluation of investment properties	6	**(39,902)**	(39,421)
Share of profit from associates and joint ventures	7	**18,050**	15,648
Gain on disposal of joint venture	7	**30,319**	-
Finance income	16	**24,710**	31,147
Finance costs	17	**(65,608)**	(60,523)
Other income	18	**135,246**	82,287
PROFIT FOR THE PERIOD		**668,490**	640,627
Attributable to:			
Owners of the Company		**669,466**	636,086
Non-controlling interests		**(976)**	4,541
		668,490	640,627
Basic and diluted earnings per share attributable to Owners of the Company in AED	19	**0.085**	0.081

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2018 (Unaudited)

	Three months ended 31 March	
	2018	*2017*
	AED'000	*AED'000*
Profit for the period	**668,490**	640,627
Other comprehensive income/ (loss) not to be reclassified to income statement in subsequent periods:		
Loss on revaluation of investment in financial assets at fair value through other comprehensive income	**(500)**	(2,580)
Other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods:		
Increase in fair value of cash flow hedges	**58,967**	5,807
Other comprehensive income	**58,467**	3,227
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**726,957**	643,854
Total comprehensive income attributable to:		
Owners of the Company	**727,933**	639,313
Non-controlling interests	**(976)**	4,541
	726,957	643,854

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2018 (Unaudited)

	Share capital AED'000	*Statutory reserve AED'000*	*Hedging reserve AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Equity attributable to Owners of the Company AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
Balance at 31 December 2016 (Audited)	7,862,630	3,931,315	(19,136)	38,171	10,069,933	21,882,913	203,181	22,086,094
Profit for the period	-	-	-	-	636,086	636,086	4,541	640,627
Other comprehensive income/ (loss)	-	-	5,807	(2,580)	-	3,227	-	3,227
Dividends declared	-	-	-	-	(864,889)	(864,889)	-	(864,889)
Balance at 31 March 2017 (Unaudited)	7,862,630	3,931,315	(13,329)	35,591	9,841,130	21,657,337	207,722	21,865,059
Balance at 31 December 2017 (Audited)	7,862,630	3,931,315	(17,024)	44,084	11,200,549	23,021,554	213,611	23,235,165
Profit for the period	-	-	-	-	669,466	669,466	(976)	668,490
Other comprehensive income/ (loss)	-	-	58,967	(500)	-	58,467	-	58,467
Dividends declared and paid (i)	-	-	-	-	(943,515)	(943,515)	-	(943,515)
Balance at 31 March 2018 (Unaudited)	7,862,630	3,931,315	41,943	43,584	10,926,500	22,805,972	212,635	23,018,607

(i) The shareholders of the Company in their Annual General Meeting held on 21 March 2018 approved a dividend of 12 fils per ordinary share for the year ended 31 December 2017 and was accordingly paid.

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2018 (Unaudited)

	Three months ended 31 March	
	2018 *AED'000*	*2017* *AED'000*
Net cash (used in)/ generated from operating activities	**(535,539)**	412,014
INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	**(5,651)**	(15,993)
Payments for purchase of intangible assets	**(1,644)**	(546)
Additions to investment properties	**(75,637)**	(35,436)
Movement in term deposits with original maturities above three months	**1,884,780**	(1,520,549)
Movement in restricted bank balances	**717,960**	(110,053)
Capital call contributions made against investment in financial assets at FVOCI	**(14,421)**	-
Capital repayments received against investment in financial assets at FVOCI	**264**	701
Finance income received	**60,382**	36,714
Dividends received	**1,400**	26,400
Net cash generated from/ (used in) in investing activities	**2,567,433**	(1,618,762)
FINANCING ACTIVITIES		
Dividends paid	**(943,754)**	(143)
Repayments of borrowings	**(400,000)**	(76,041)
Repayment of operating lease liability	**(23,250)**	(14,250)
Directors' remuneration paid	**(19,279)**	(23,000)
Financing costs paid	**(26,643)**	(31,261)
Net cash used in financing activities	**(1,412,926)**	(144,695)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**618,968**	(1,351,443)
Cash and cash equivalents at the beginning of the period	**916,907**	1,511,533
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,535,875**	160,090

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

The establishment of Aldar Properties PJSC (the "Company") was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company's incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates (UAE) and its registered office address is P O Box 51133, Abu Dhabi.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged in various businesses primarily the development, sales, investment, construction, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas and golf courses.

The interim condensed consolidated financial statements were approved for issuance on behalf of the Board of Directors on 14 May 2018.

2 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 Standards issued and adopted

The Group applied the following standards, interpretations and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2018.

- IFRS 9: Financial Instruments;
- IFRIC 22: Foreign Currency Transactions and Advance Consideration;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions; and
- Amendments to IAS 40: Transfers of Investment Property.

Annual Improvements 2014-2016 Cycle

- IFRS 1: First-time adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first time adopters; and
- IAS 28: Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The application of these new standards, interpretation and amendments, other than IFRS 9, did not have a material impact on the financial statements of the Group. The nature and the impact of IFRS 9 is described below:

The International Accounting Standard Board issued its final version of IFRS 9 Financial Instruments in July 2014 and it is effective for annual periods commencing on or after 1 January 2018. IFRS 9 replaces IAS 39 *Financial instruments: Recognition and Measurement* and addresses the following matters in relation to financial instruments:

- classification and measurement of financial assets and liabilities, including impairment of financial assets.
- hedge accounting.

2 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) continued

2.1 Standards issued and adopted continued

The Group has assessed the impact of application of the above requirements of IFRS 9 on the financial statements of the Group. On the basis of facts and circumstances existed as at 1 January 2018, the Group has assessed the following impact in relation to the classification of financial assets and financial liabilities:

- Financial assets classified as loans and receivables and measured at amortised cost continue to be measured as such as the business model for these assets is to collect contractual cash flows and these cash flows consist of solely payments of principal and interest.
- Equity investments classified as available for sale, have irrevocably been classified as financial assets at fair value through other comprehensive income.

The Group has also reviewed and assessed the impact of the measurement and impairment requirements of IFRS 9, including the requirements for hedge accounting and based on the assessment, the application of IFRS 9 in relation to the measurement, impairment and hedge accounting did not have material impact on the amounts reported in prior period/ year in the financial statements of the Group in respect of its financial instruments and existing hedge relationships.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and also comply with the applicable requirements of the laws in the UAE.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017. In addition, results for the three-months period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

3.2 Basis of preparation

The interim condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand except when otherwise indicated.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial instruments and investment properties.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2017 other than changes as a result of the application of IFRS 9. The changes to the policies as a result of application of IFRS 9 are detailed below:

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.2 Basis of preparation continued

Classification of financial assets and liabilities

Financial assets
All financial assets under the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial liabilities
All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- financial guarantee contracts.
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.2 Basis of preparation continued

Classification of financial assets and liabilities continued

Embedded derivatives
Where a hybrid contract contains a host that is a financial asset under the scope of IFRS 9, the policy in relation to classification and measurement, including impairment relating to the financial assets applies to the entire hybrid contract.

Where a hybrid contract contains a host that is not a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host and accounted for as a derivative if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of 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 with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

Where a contract contains one or more embedded derivatives and the host is not a financial asset within the scope of IFRS 9, the Group may designate the entire hybrid contract as at fair value through profit or loss unless:

- the embedded derivatives do not significantly modify the cash flows that otherwise would be required by the contract; or
- it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivatives is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

Where it is required by this Standard to separate an embedded derivative from its host, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through profit or loss.

Reclassification of financial assets and financial liabilities
Where the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. An entity shall not reclassify any financial liability.

Measurement of financial assets and liabilities

Initial measurement
At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets
After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment; or
- fair value through profit or loss.

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income as disclosed below.

Hedge accounting requirements disclosed below applies to financial assets designated as hedged item.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.2 Basis of preparation continued

Impairment of financial assets

In relation to the impairment of financial assets, the Group applies the Expected Credit Loss ("ECL") model as opposed to an incurred credit loss model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised. The Group has adopted the simplified approach for measuring the impairment on its financial assets. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

A loss allowance for expected credit losses is recognised on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured at fair value through other comprehensive income. The financial assets subject to impairment requirements of IFRS 9, include:

- debt investments subsequently measured at amortised cost or at fair value through other comprehensive income;
- lease receivables;
- contract assets; and
- loan commitments and financial guarantee contracts.

Hedge accounting

The hedge accounting policy of the Group retains the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. Furthermore the hedge effectiveness test requirements have been overhauled and replaced with the principle of an 'economic relationship', and accordingly, retrospective assessment of hedge effectiveness is no longer required.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2017 other than those in relation to classification and impairment of financial assets.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Impairment of financial asset
The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk

5 PROPERTY, PLANT AND EQUIPMENT

Movement in property, plant and equipment relates to depreciation charge for the period amounting to AED 45.5 million and transfer of assets to investment properties of AED 29.2 million (Note 6), offset by additions during the period of AED 5.7 million.

Property, plant and equipment includes right-of-use assets with respect to a land lease.

6 INVESTMENT PROPERTIES

Investment properties comprise completed properties (buildings and retail centers) and investment properties under development (IPUD) and are measured at fair value. The movement during the period/ year is as follows:

	31 March 2018			*31 December 2017 (Audited)*		
	Completed properties AED'000	***Properties under development AED'000***	***Total AED'000***	*Completed properties AED'000*	*Properties under development AED'000*	*Total AED'000*
Balance at the beginning of the period/ year	**15,126,457**	**950,092**	**16,076,549**	14,929,374	843,908	15,773,282
Addition during the period/ year, net	**1,773**	**73,864**	**75,637**	623,006	271,205	894,211
Finance cost capitalised (Note 17)	-	-	-	-	213	213
Fair value loss, net	**(39,902)**	-	**(39,902)**	(613,107)	-	(613,107)
Disposals	-	-	-	(11,259)	-	(11,259)
Transfers from/ (to):						
Completed properties/ IPUD	-	-	-	165,234	(165,234)	-
Property, plant and equipment (Note 5)	**29,178**	-	**29,178**	26,849	-	26,849
Development work in progress (Note 10)	-	-	-	6,360	-	6,360
Balance at the end of the period/ year	**15,117,506**	**1,023,956**	**16,141,462**	15,126,457	950,092	16,076,549

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The movement in the investment in associates and joint ventures is as follows:

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Balance at the beginning of the period/ year	**957,631**	964,408
Share in profit for the period/ year	**18,050**	41,544
Share in reserves	**1,873**	3,295
Dividends received	**-**	(61,389)
Disposal (i)	**(49)**	(800)
Transferred to joint venture current accounts	**2,530**	10,573
Balance at the end of the period/ year	**980,035**	957,631

(i) During the period, the Company sold one of its investment in a joint venture and recognised a gain on sale of AED 30.3 million. As per the agreement, the Group is entitled to further compensation contingent upon performance of the Company, however as of 31 March 2018 the inflow of economic benefits is not certain.

8 INVESTMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Investment in UAE quoted securities	**27,500**	28,000
Investment in UAE unquoted securities	**35,201**	35,201
Investment in international unquoted securities	**70,344**	56,188
	133,045	119,389

During the period, dividend income of AED 1.4 million was received from investment in financial assets at fair value through other comprehensive income (31 March 2017: AED 1.4 million).

9 TRADE AND OTHER RECEIVABLES

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Non-current portion		
Receivables relating to project finance (Note 20)	**143,385**	143,946
Receivables from the Government of Abu Dhabi (Note 20)	**95,000**	190,000
Due from associates and joint ventures (Note 20)	**80,273**	82,571
Other	**31,789**	10,694
	350,447	427,211
Current portion		
Trade receivables	**2,092,797**	1,723,551
Less: provision for impairment and cancellations	**(304,529)**	(302,466)
	1,788,268	1,421,085
Refundable costs (Note 20)	**315,210**	505,402
Receivables relating to project finance (Note 20)	**19,386**	19,932
Receivables from the Government of Abu Dhabi (Note 20)	**573,354**	439,995
Due from associates and joint ventures (Note 20)	**275,785**	274,405
Gross amounts due from customers on contracts for sale of properties (Note 9.1)	**424,962**	748,197
Gross amounts due from customers on contracts to construct an asset (Note 9.2)	**161,407**	112,459
Advances and prepayments	**1,023,486**	979,776
Accrued interest	**27,972**	66,355
Other	**454,167**	357,843
	5,063,997	4,925,449

9.1 Contracts with customers for sale of properties

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Amount due from customers included in trade and other receivables (Note 9)	**424,962**	748,197
Amount due to customers included in trade and other payables (Note 15)	**(83,662)**	(221,497)
	341,300	526,700
Total contracts cost incurred plus recognised profits less recognised losses to date	**2,585,505**	3,335,293
Less: total progress billings to date	**(2,244,205)**	(2,808,593)
	341,300	526,700

The above represents unbilled revenue arising from sale of land and units. With respect to the above contracts, revenue aggregating to AED 3,356 million is expected to be recognised over the term of these contracts in future periods.

9 TRADE AND OTHER RECEIVABLES continued

9.2 Contracts with customers to construct an asset

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Amount due from customers included in trade and other receivables (Note 9)	**161,407**	112,459
Amount due to customers included in trade and other payables (Note 15)	**(56,473)**	(92,611)
	104,934	19,848
Total contracts cost incurred plus recognised profits less recognised losses to date	**3,785,906**	5,989,379
Less: total progress billings to date	**(3,680,972)**	(5,969,531)
	104,934	19,848

The above represents unbilled revenue arising from construction contracts. With respect to the above contracts, revenue aggregating to AED 1,135 million is expected to be recognised over the period of these contracts in future periods.

10 DEVELOPMENT WORK IN PROGRESS

Development work in progress represents development and construction costs incurred on properties being developed for sale. Movement during the period/ year is as follows:

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Balance at beginning of the period/ year	**1,476,818**	1,298,384
Development costs incurred during the period/ year	**423,783**	1,345,537
Recognised in costs of properties sold	**(267,392)**	(1,144,971)
Transfers from land held for sale	**-**	107,042
Transfers to inventories (Note 11)	**(317,448)**	(112,600)
Transfers to investment properties (Note 6)	**-**	(6,360)
Transfer to property, plant and equipment	**-**	(8,150)
Impairments/ write-offs of project costs	**(944)**	(2,064)
Balance at the end of the period/ year	**1,314,817**	1,476,818

All development work in progress projects are located in the United Arab Emirates.

11 INVENTORIES

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Completed properties	**524,506**	228,681
Other operating inventories	**61,082**	57,920
	585,588	286,601

During the period, properties with a value of AED 317.4 million were transferred to inventories upon completion (Note 10).

Completed properties in inventories are located in the United Arab Emirates.

12 CASH AND BANK BALANCES

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Cash and bank balances	**2,109,695**	2,452,164
Short term deposits held with banks	**2,792,019**	4,433,322
Cash and bank balances	**4,901,714**	6,885,486
Short term deposits with original maturities greater than three months	**(1,401,798)**	(3,286,578)
Restricted bank balances	**(1,964,041)**	(2,682,001)
Cash and cash equivalents	**1,535,875**	916,907

Restricted cash and bank include balances amounting to AED 1,187.2 million (2017: AED 1,167.7 million) which are deposited into escrow accounts representing cash received from customers against sale of development properties.

The interest rate on term deposits during the period/ year ranges between 0.4% and 2.7% (2017: 0.4 % and 2.7%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

13 BANK BORROWINGS AND NON-CONVERTIBLE SUKUK

	Non-convertible Sukuk		*Bank borrowings*		*Total borrowings*	
	31 March 2018	*31 December 2017 (audited)*	*31 March 2018*	*31 December 2017 (audited)*	*31 March 2018*	*31 December 2017 (audited)*
	AED '000	*AED '000*	*AED '000*	*AED '000*	*AED '000*	*AED '000*
Current						
Within one year	**2,793,181**	2,762,570	**415,758**	817,173	**3,208,939**	3,579,743
Non-current						
In two to five years	**-**	-	**2,379,983**	2,376,275	**2,379,983**	2,376,275
	2,793,181	2,762,570	**2,795,741**	3,193,448	**5,588,922**	5,956,018
Finance cost capitalised durings the period/ year	**-**	110	**-**	103	**-**	213

a) Loan securities are in the form of mortgage over certain plots of land, assignment of project receivables and lien on bank deposits.

b) Certain Group's borrowings carry a net worth covenant.

14 ADVANCES FROM CUSTOMERS

Advances from customers represent mainly instalments collected from customers for the sale of the Group's property developments and security deposits.

15 TRADE AND OTHER PAYABLES

	31 March 2018	*(Audited) 31 December 2017*
	AED'000	*AED'000*
Trade payables	**386,896**	524,062
Accrual for contractors' costs	**1,710,362**	1,651,530
Advances from the Government of Abu Dhabi	**1,031,801**	956,848
Deferred income	**377,058**	347,528
Dividends payable	**102,564**	102,803
Provision for onerous contracts	**26,473**	28,569
Gross amount due to customers on contracts for sale of properties (Note 9.1)	**83,662**	221,497
Gross amount due to customers on contracts to construct an asset (Note 9.2)	**56,473**	92,611
Due to the Government of Abu Dhabi (Note 20)	**59,547**	937,199
Operating lease liability	**534,136**	559,025
Other liabilities	**508,109**	534,627
	4,877,081	5,956,299

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Trade payables and accruals for contractors' costs include amounts due to joint ventures for project related work which has been disclosed in Note 20.

16 FINANCE INCOME

	Three months ended 31 March	
	2018	*2017*
	AED'000	*AED'000*
Interest/ profit earned on:		
Islamic deposits	**10,607**	10,661
Bank fixed deposits	**7,403**	11,916
Call and current accounts	**1,148**	1,459
Total interest/ profit earned	**19,158**	24,036
Financing element earned on receivables – net	**-**	2,106
Financing income earned on receivables from project finance	**3,283**	3,143
Other finance income	**2,269**	1,862
	24,710	31,147

17 FINANCE COSTS

	Three months ended 31 March	
	2018	*2017*
	AED'000	*AED'000*
Gross finance costs	**60,346**	56,370
Unwinding of finance cost on operating lease liability (Note 21.2)	**5,262**	4,366
Less: amounts included in the cost of qualifying assets (Note 6)	**-**	(213)
	65,608	60,523

18 OTHER INCOME

	Three months ended 31 March	
	2018	*2017*
	AED'000	*AED'000*
Government grant income recorded upon handover of infrastructure assets (Note 20)	**133,359**	-
Release of infrastructure accruals, onerous provision and other accruals and provisions	**-**	23,800
Recovery of infrastructure amounts previously charged to income statement	**-**	48,500
Others	**1,887**	9,987
	135,246	82,287

19 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Parent is based on the following data:

	Three months ended 31 March	
	2018	*2017*
Earnings (AED '000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to Owners of the Company)	669,466	636,086
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	7,862,629,603	7,862,629,603
Basic and diluted earnings per share attributable to owners of the Company in AED	**0.085**	0.081

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of major shareholder, associated companies, directors, key management personnel of the Group and their related entities. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management. Government of Abu Dhabi is an indirect major shareholder of the Company.

The Group maintains significant balances with these related parties, which are as follows:

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Due from/ (to) Government:		
Refundable costs (Note 9)	**315,210**	505,402
Receivable from assets sold (Note 9)	**380,000**	475,000
Receivables against infrastructure handovers (Note 9)	**288,354**	154,995
Other payables (Note 15)	**(59,547)**	(937,199)
Other receivables	**47,509**	42,916
	971,526	241,114
Advances received (Note 15)	**1,031,801**	956,848
Due from associates and joint ventures (Note 9)	**356,058**	356,976
Due to joint ventures for project-related work:		
Contract payables	**32,692**	32,692

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

Certain receivables from joint ventures carry interest of 9% and are repayable within 2 to 5 years from the end of the reporting period.

	31 March 2018 AED'000	(Audited) 31 December 2017 AED'000
Due from major shareholder owned by Government and/ or its associated companies:		
Receivable from project finance (Note 9)	**133,218**	133,779

Significant transactions with related parties during the period were as follows:

	Three months ended 31 March	
	2018 AED'000	2017 AED'000
Key management compensation:		
Salaries, bonuses and other benefits	**2,534**	3,298
Post-employment benefits	**570**	163
	3,104	3,461
Directors remuneration paid	**19,279**	23,000
Revenue from Government and major shareholder owned by Government:		
Project management income	**23,368**	28,595
Rental income	**90,364**	92,848
Government grant income (Note 18)	**133,359**	-
	247,091	121,443
Finance income from project finance and joint ventures	**4,808**	4,250

The amount and timing of the infrastructure cost reimbursement is subject to the completion of certain audit and technical inspections and assessments to be performed by the relevant government authority. Once these activities are completed, there will be reasonable assurance that the grant will be received and at that point it will be recognised as a deferred government grant. Once the conditions of the grant are met, i.e. infrastructure assets are handed over to the designated authorities, the deferred government grant will be recognised in profit or loss. During the period, an amount of AED 133.4 million (Note 18) was recognised as government grant income upon handover of infrastructure assets (31 March 2017: Nil).

21 COMMITMENTS AND CONTINGENCIES

21.1 Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	31 March 2018 AED'000	(Audited) 31 December 2017 AED'000
Projects under development	**3,354,894**	3,468,891
Reimbursable project works in progress	**2,334,499**	2,722,701
Investment in associates	**18,663**	30,342
	5,708,056	6,221,934

The above commitments are spread over a period of one to five years.

21.2 Operating lease commitments

	31 March 2018 AED'000	(Audited) 31 December 2017 AED'000
The Company as a lessor		
Within one year	**888,958**	900,147
In the second to fifth year	**1,546,708**	1,671,228
After five years	**670,100**	598,172
	3,105,766	3,169,547

The Company as a lessee

	31 March 2018 AED'000	31 March 2017 AED'000
Unwinding of interest expense during the period on lease liabilities (note 17)	**5,262**	4,366
Expense relating to short-term leases	**174**	7,162
Total cash outflow in respect of leases	**23,250**	14,250

21 COMMITMENTS AND CONTINGENCIES continued

21.3 Contingencies

	31 March 2018 AED'000	*(Audited) 31 December 2017 AED'000*
Letters of credit and bank guarantees:		
Issued by the Group	**801,805**	784,166
Group's share in contingencies of joint ventures and associates	**160,690**	165,765

Included in the above are bank guarantees and letters of credit amount of AED 735.6 million (31 December 2017: AED 720.0 million) pertaining to a construction related subsidiary.

22 SEGMENT INFORMATION

22.1 Business segments

Segment information about the Group's continuing operations for the three months ended 31 March 2018 is presented below:

Three months ended 31 March 2018

	Property development and management		*Asset management*			
	Property development and sales AED'000	*Development management AED'000*	*Investment properties AED'000*	*Hospitality and leisure AED'000*	*Adjacencies AED'000*	*Group AED'000*
Revenue excluding service charges	573,986	23,368	418,258	129,691	305,800	1,451,103
Revenue from service charges	-	-	18,822	-	-	18,822
Gross revenue	573,986	23,368	437,080	129,691	305,800	1,469,925
Cost of revenue excluding service charge	(272,836)	(5,545)	(59,650)	(100,966)	(296,668)	(735,665)
Service charge expenses	-	-	(18,822)	-	-	(18,822)
Gross profit	301,150	17,823	358,608	28,725	9,132	715,438
Depreciation and amortisation	-	-	(1,431)	(28,602)	(11,384)	(41,417)
Provisions for impairments/ write downs- net	-	-	(14,914)	-	(670)	(15,584)
Fair value loss on investment properties	-	-	(39,902)	-	-	(39,902)
Share of profit from associates and joint ventures	-	-	17,543	-	-	17,543
Other income	133,359	-	-	-	-	133,359
Segment profit	434,509	17,823	319,904	123	(2,922)	769,437
Share of profit from associates and joint ventures						507
Selling and marketing expenses						(22,288)
General and administrative expenses						(74,947)
Reversal of provisions for impairments/ write downs – net						7,815
Gain on disposal of joint venture						30,319
Depreciation and amortisation						(3,342)
Finance income						24,710
Finance costs						(65,608)
Other income						1,887
Profit for the period						668,490

22 SEGMENT INFORMATION continued

22.1 Business segments continued

Segment information about the Group's continuing operations for the three months ended 31 March 2017 is presented below:

Three months ended 31 March 2017

	Property development and management		*Asset management*			
	Property development and sales AED '000	*Development management AED '000*	*Investment properties AED '000*	*Hospitality and leisure AED '000*	*Adjacencies AED '000*	*Group AED '000*
Revenue excluding service charges	533,828	59,878	401,135	131,070	419,362	1,545,273
Revenue from service charges	-	-	32,417	-	-	32,417
Gross revenue	533,828	59,878	433,552	131,070	419,362	1,577,690
Cost of revenue excluding service charge	(245,230)	(2,305)	(42,529)	(102,530)	(399,878)	(792,472)
Service charge expenses	-	-	(32,417)	-	-	(32,417)
Gross profit	288,598	57,573	358,606	28,540	19,484	752,801
Depreciation and amortisation	-	-	(1,746)	(28,912)	(15,595)	(46,253)
Provisions for impairments/ write downs- net	-	-	(5,951)	-	186	(5,765)
Fair value loss on investment properties	-	-	(39,421)	-	-	(39,421)
Share of profit from associates and joint ventures	-	-	14,682	-	-	14,682
Other income	303	48,500	-	-	-	48,803
Segment profit	288,901	106,073	326,170	(372)	4,075	724,847
Share of profit from associates and joint ventures						966
Selling and marketing expenses						(17,738)
General and administrative expenses						(68,039)
Depreciation and amortisation						(3,517)
Finance income						31,147
Finance costs						(60,523)
Other income						33,484
Profit for the period						640,627

22 SEGMENT INFORMATION continued

22.1 Business segments continued

The segment assets and liabilities and capital and project expenditure are as follows:

	Property development and management		Asset management				
	Property development and sales AED '000	*Development management AED '000*	*Investment properties AED '000*	*Hospitality and leisure AED '000*	*Adjacencies AED '000*	*Unallocated AED '000*	*Group AED '000*
As at 31 March 2018							
Assets	**8,257,390**	**1,669,144**	**17,329,336**	**2,298,482**	**1,585,008**	**3,585,825**	**34,725,185**
Liabilities	**(1,454,709)**	**(1,666,924)**	**(2,137,827)**	**(138,432)**	**(993,934)**	**(5,314,752)**	**(11,706,578)**
Period ended 31 March 2018							
Capital expenditures	**-**	**-**	**1,267**	**1,591**	**2,031**	**762**	**5,651**
Project expenditures	**423,705**	**-**	**75,637**	**-**	**78**	**-**	**499,420**
As at 31 December 2017							
Assets	8,279,511	2,281,360	17,222,084	2,293,710	1,706,200	4,614,061	36,396,926
Liabilities	(1,555,201)	(2,355,518)	(2,188,271)	(148,239)	(1,156,854)	(5,757,678)	(13,161,761)
Year ended 31 December 2017							
Capital expenditures	-	-	29,404	14,806	104,730	6,000	154,940
Project expenditures	1,342,289	-	284,953	-	3,248	-	1,630,490

Segment profit represents the profit earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of profits of associates and joint ventures, other gains and losses, finance income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

23 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 May 2018.

24 EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Group has entered into an agreement with Tourism Development & Investment Company (TDIC) to acquire a portfolio of real estate assets, including operating businesses at a total consideration of AED 3.7 billion. These include operating assets across hospitality, retail, residential, district cooling, education and infrastructure development sectors.