

ALDAR PROPERTIES PJSC

**Review report and interim
financial information
for the period ended
31 March 2019**

ALDAR PROPERTIES PJSC

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Aldar Properties PJSC
Abu Dhabi, United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aldar Properties PJSC (the "Company") and its subsidiaries (together the "Group") as at 31 March 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other matter

The Group's consolidated financial statements as at 31 December 2018 were audited by another auditor whose report dated 13 February 2019 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows and related explanatory information for the three-month period ended 31 March 2018, were reviewed by another auditor who issued an unmodified conclusion dated 14 May 2018.

Deloitte & Touche (M.E.)



Georges F. Najem
Registration No. 809
13 May 2019
Abu Dhabi, United Arab Emirates


**Condensed consolidated statement of financial position
as at 31 March 2019**


	Notes	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,545,595	3,600,971
Intangible assets and goodwill	6	195,922	198,117
Investment properties	7	17,073,270	16,408,303
Investment in associates and joint ventures	8	227,075	993,531
Financial assets at fair value through other comprehensive income	9	97,656	96,116
Other financial asset		-	14,024
Trade and other receivables	10	396,970	399,002
Total non-current assets		21,536,488	21,710,064
Current assets			
Land held for sale		3,801,358	3,806,071
Development work in progress	11	2,803,122	2,473,374
Inventories	12	440,369	469,144
Trade and other receivables	10	5,069,439	5,070,445
Cash and bank balances	13	4,830,333	5,014,607
Total current assets		16,944,621	16,833,641
TOTAL ASSETS		38,481,109	38,543,705

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position
as at 31 March 2019 (continued)

	Notes	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		7,862,630	7,862,630
Legal reserve		3,931,315	3,931,315
Hedging reserve		31,390	70,547
Investment revaluation reserve		35,662	34,729
Retained earnings		11,616,151	12,163,947
		<hr/>	<hr/>
Equity attributable to the owners of the Company		23,477,148	24,063,168
Non-controlling interests		112,221	172,662
		<hr/>	<hr/>
Total equity		23,589,369	24,235,830
		<hr/>	<hr/>
Non-current liabilities			
Non-convertible sukuk	14	1,807,336	1,810,140
Bank borrowings	14	4,954,695	4,865,481
Retentions payable		279,389	304,702
Lease liabilities		329,132	430,703
Provision for employees' end of service benefit		148,277	145,479
Other financial liabilities		45,357	5,802
		<hr/>	<hr/>
Total non-current liabilities		7,564,186	7,562,307
		<hr/>	<hr/>
Current liabilities			
Non-convertible sukuk	14	727	21,811
Bank borrowings	14	769,454	358,512
Retentions payable		483,219	409,493
Lease liabilities		179,484	99,195
Advances from customers	15	345,656	362,276
Trade and other payables	16	5,549,014	5,494,281
		<hr/>	<hr/>
Total current liabilities		7,327,554	6,745,568
		<hr/>	<hr/>
Total liabilities		14,891,740	14,307,875
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		38,481,109	38,543,705
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Mohamed Al Mubarak
Chairman


Talal Al Dhiyebi
Chief Executive Officer


Greg Fewer
Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of profit or loss
for the period ended 31 March 2019**

	Notes	3 months ended 31 March	
		2019 (unaudited) AED'000	2018 (unaudited) AED'000
Revenue		1,764,505	1,469,925
Direct costs		(1,041,722)	(754,487)
Gross profit		722,783	715,438
Selling and marketing expenses		(24,900)	(22,288)
<i>General and administrative expenses</i>			
Staff costs		(57,591)	(50,699)
Depreciation and amortisation		(65,219)	(44,759)
Provisions, impairments and write downs - net		(14,414)	(7,769)
Others		(22,305)	(24,248)
Loss on revaluation of investment properties		(40,138)	(39,902)
Share of profit from associates and joint ventures	8	3,465	18,050
Gain on disposal of joint venture	8	-	30,319
Gain on disposal of investment property	7	17,690	-
Finance income	17	24,109	24,710
Finance costs	18	(89,143)	(65,608)
Other income	19	38,194	135,246
Profit for the period		492,531	668,490
Attributable to:			
Owners of the Company		552,972	669,466
Non-controlling interests		(60,441)	(976)
		492,531	668,490
Basic and diluted earnings per share (AED)	20	0.070	0.085

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income
for the period ended 31 March 2019**

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Profit for the period	492,531	668,490
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income ("FVTOCI")	933	(500)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
(Decrease)/increase in fair value of cash flow hedges	(40,874)	58,967
Reclassification of hedging reserve of a joint venture upon derecognition (note 8)	1,717	-
	<hr/>	<hr/>
Other comprehensive (loss)/income for the period	(38,224)	58,467
	<hr/>	<hr/>
Total comprehensive income for the period	454,307	726,957
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:		
Owners of the Company	514,748	727,933
Non-controlling interests	(60,441)	(976)
	<hr/>	<hr/>
	454,307	726,957
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity
for the period ended 31 March 2019

	Share capital AED'000	Legal reserve AED'000	Hedging reserve AED'000	Investment revaluation 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 1 January 2018 (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 (note 25)	-	-	-	-	(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
Balance at 1 January 2019 (audited)	7,862,630	3,931,315	70,547	34,729	12,163,947	24,063,168	172,662	24,235,830
Profit for the period	-	-	-	-	552,972	552,972	(60,441)	492,531
Other comprehensive (loss)/income	-	-	(39,157)	933	-	(38,224)	-	(38,224)
Dividends (note 25)	-	-	-	-	(1,100,768)	(1,100,768)	-	(1,100,768)
Balance at 31 March 2019 (unaudited)	7,862,630	3,931,315	31,390	35,662	11,616,151	23,477,148	112,221	23,589,369

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows
for the period ended 31 March 2019**

	Notes	3 months ended 31 March	
		2019 (unaudited) AED'000	2018 (unaudited) AED'000
Net cash used in operating activities (i)		(385,617)	(558,789)
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(10,047)	(5,651)
Purchases of intangible assets	6	(626)	(1,644)
Purchases of investment properties		(62,650)	(75,637)
Proceeds from disposal of investment properties		281,829	-
Acquisition of cash and cash equivalents	8	89,783	-
Movement in term deposits with original maturities greater than three months		600,000	1,884,780
Movement in restricted bank balances		893,018	717,960
Capital call contributions made against investment in financial assets at FVTOCI		(607)	(14,421)
Capital distributions received against investment in financial assets at FVTOCI		-	264
Finance income received		39,685	60,382
Dividends received		-	1,400
Net cash from investing activities		1,830,385	2,567,433
Cash flows from financing activities			
Repayments of borrowings		(10,069)	(400,000)
Cash received from interest rate swaps		14,223	-
Payment for obligations under lease liabilities		(21,281)	-
Directors' remuneration paid		(16,075)	(19,279)
Finance costs paid		(102,713)	(26,643)
Dividends paid		(109)	(943,754)
Net cash used in financing activities		(136,024)	(1,389,676)
Net increase in cash and cash equivalents		1,308,744	618,968
Cash and cash equivalents at beginning of the period		1,394,358	916,907
Cash and cash equivalents at end of the period	13	2,703,102	1,535,875

Refer to note 26 for details of non-cash transactions excluded from the condensed consolidated statement of cash flows.

(i) The net cash used in operating activities for the period ended 31 March 2019 include AED 884,000 thousand (31 March 2018: AED 940,000 thousand) relating to funds transferred to third parties for amounts received on their behalf.

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019****1 General 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, cooling station operations, restaurants, beach club and golf courses.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been applied in these condensed consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

This Interpretation does not have any impact on the Group’s condensed consolidated financial statements.

Amendments in IFRS 9 Financial Instruments relating to prepayment features with negative compensation

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment does not have any impact on the Group’s condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)***Amendment to IAS 19 Employee Benefits relating to amendment, curtailment or settlement of a defined benefit plan*

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement; and
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

This amendment does not have any impact on the Group's condensed consolidated financial statements.

Amendments in IAS 28 Investments in Associates and Joint Ventures relating to long-term interests in associates and joint ventures

The amendment clarifies that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. This amendment does not have any impact on the Group's condensed consolidated financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The application of these amendments did not have a material impact on the condensed consolidated financial statements of the Group.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)****3 Summary of significant accounting policies****3.1 Statement of compliance**

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

These 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 2018. In addition, results for the three-months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3.2 Basis of preparation

These condensed consolidated financial statements are presented in UAE Dirhams ("AED") which is functional currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

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

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective 1 January 2019.

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of these 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 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 same as those applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective 1 January 2019.

5 Property, plant and equipment

The major movement in property, plant and equipment relates to depreciation charge for the period amounting to AED 64,910 thousand (31 March 2018: AED 45,516 thousand), offset by additions amounting to AED 10,047 thousand (31 March 2018: AED 5,651 thousand).

Property, plant and equipment includes right-of-use assets with respect to land leases of AED 73,803 thousand (31 December 2018: AED 74,476 thousand).

6 Intangible assets and goodwill

The major movement in intangible assets and goodwill relates to amortisation for the period amounting to AED 2,821 thousand (31 March 2018: AED 787 thousand) offset by additions amounting to AED 626 thousand (31 March 2018: AED 1,644 thousand).

7 Investment properties

The major movement in investment properties relates to additions during the period amounting to AED 1,174,130 thousand (31 March 2018: AED 75,637 thousand), transfer from property, plant and equipment of AED 468 thousand (31 March 2018: AED 29,178 thousand) (note 5), loss on revaluation of investment properties amounting to AED 40,138 thousand (31 March 2018: AED 39,902 thousand) and transfer to development work in progress of AED 205,635 thousand (31 March 2018: Nil) (note 11).

During the period, the Group sold an investment property with a carrying value of AED 263,860 thousand and realised a net gain of AED 17,690 thousand.

Investment properties include right-of-use assets with respect to land lease of AED 351,794 thousand (31 December 2018: AED 361,023 thousand).

The investment properties are categorised under Level 3 in the fair value hierarchy.

8 Investment in associates and joint ventures

The major movement in the investment in associates and joint ventures relates to share of the current period profit of AED 3,465 thousand (31 March 2018: AED 18,050 thousand) and derecognition of investment in joint ventures amounting to AED 771,976 thousand (31 March 2018: AED 49 thousand).

Effective 1 March 2019, the Company entered into a framework agreement with respect to share transfer whereby:

- The Company acquired additional 50% ownership of Aldar Etihad Investment Properties LLC and Aldar Etihad First Investment Properties LLC resulting in holding the entire share capital of these entities. The acquired entities did not meet the definition of business under *IFRS 3 Business Combinations* and hence the acquisitions have been accounted for as assets acquisitions effective 1 March 2019; and
- The Company sold its entire 50% ownership of Aldar Etihad Development LLC, a joint venture.

The above transaction resulted in derecognition of investment in joint ventures accounted for using equity method of AED 771,976 thousand. As per the agreement, the Group will receive additional assets of AED 99,000 thousand. The Group also assumed bank borrowings in the acquired entities amounting to AED 507,601 thousand. As a result of the above transaction, the Group has also recycled to profit or loss the hedging reserve that was recorded by Aldar Etihad Investment Properties LLC as at the date of the transaction amounting to AED 1,717 thousand (refer note 21).

During the period ended 31 March 2018, the Company sold one of its investments in joint ventures and recognised a gain on sale of AED 30,319 thousand. As per the agreement, the Group is entitled to further compensation which is contingent based on performance of the investee. As of 31 March 2019 and 31 December 2018, fair value of the contingent consideration amounted to Nil.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

9 Financial assets at fair value through other comprehensive income

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Investment in UAE quoted securities	40,750	38,950
Investment in UAE unquoted securities	15,202	15,202
Investment in international unquoted securities	41,704	41,964
	<hr/> 97,656 <hr/>	<hr/> 96,116 <hr/>

During the period, dividend income of Nil was received from financial assets at fair value through other comprehensive income (31 March 2018: AED 1,400 thousand).

As at 31 March 2019 and 31 December 2018, the fair value hierarchy are as follows:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 March 2019				
<i>Investments in financial assets at FVTOCI</i>				
Equities	40,750	-	56,906	97,656
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2018				
<i>Investments in financial assets at FVTOCI</i>				
Equities	38,950	-	57,166	96,116
	<hr/>	<hr/>	<hr/>	<hr/>

There were no transfers during the period from level 1 and level 2.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

10 Trade and other receivables

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Non-current portion		
Receivables relating to project finance	135,616	136,016
Receivables from the Government of Abu Dhabi	95,000	95,000
Due from associates and joint ventures	178,165	176,776
Others	87,756	88,914
	<hr/>	<hr/>
	496,537	496,706
Less: allowance for expected credit loss*	(99,567)	(97,704)
	<hr/>	<hr/>
	396,970	399,002
	<hr/>	<hr/>
Current portion		
Trade receivables	2,213,609	1,827,753
Refundable costs	457,912	478,923
Receivables relating to project finance	14,910	14,941
Receivables from the Government of Abu Dhabi	-	279,258
Due from associates and joint ventures	25,675	25,707
Gross amounts due from customers on contracts for sale of properties	1,006,301	1,096,306
Gross amounts due from customers on contracts to construct an asset	49,397	49,397
Advances and prepayments	1,014,556	1,109,827
Accrued interest	33,181	42,572
Others	588,939	475,259
	<hr/>	<hr/>
	5,404,480	5,399,943
Less: allowance for expected credit loss*	(335,041)	(329,498)
	<hr/>	<hr/>
	5,069,439	5,070,445
	<hr/>	<hr/>

*During the period, additional allowance for expected credit loss of AED 16,460 thousand (31 March 2018: additional AED 2,063 thousand) was made and receivables amounting to AED 9,054 thousand were written off (31 March 2018: Nil).

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

11 Development work in progress

Major movement in development work in progress relates to development cost incurred during the period amounting to AED 538,954 thousand (31 March 2018: AED 423,785 thousand), transfer from investment properties amounting to AED 205,635 thousand (31 March 2018: Nil) (note 7) which is offset by recognition in cost of properties sold during the period amounting to AED 401,904 thousand (31 March 2018: AED 267,392 thousand) and transfer to inventories amounting to Nil (31 March 2018: AED 317,448 thousand) (note 12). All development work in progress projects are located in the United Arab Emirates.

12 Inventories

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Completed properties	389,235	402,190
Other operating inventories	51,134	66,954
	<hr/>	<hr/>
Balance at the end of the year	440,369	469,144
	<hr/> <hr/>	<hr/> <hr/>

During the period, properties with a value of Nil (31 March 2018: AED 317,448 thousand) were transferred to inventories upon completion (note 11).

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

13 Cash and bank balances

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Cash and bank balances	2,783,156	3,313,498
Short term deposits held with banks	2,047,177	1,701,109
	<hr/>	<hr/>
Cash and bank balances	4,830,333	5,014,607
	<hr/> <hr/>	<hr/> <hr/>
Short term deposits with original maturities greater than three months	(278,000)	(878,000)
Restricted bank balances	(1,849,231)	(2,742,249)
	<hr/>	<hr/>
Cash and cash equivalents	2,703,102	1,394,358
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

13 Cash and bank balances (continued)

Restricted bank balances include balances amounting to AED 981,244 thousand (31 December 2018: AED 1,159,502 thousand) 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 3.6% (31 December 2018: between 0.4% and 3.5%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

14 Bank borrowings and non-convertible sukuk

	Non-convertible Sukuk		Bank borrowings		Total borrowings	
	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<i>Current</i>						
Within one year	727	21,811	769,454	358,512	770,181	380,323
<i>Non-current</i>						
More than one year	1,807,336	1,810,140	4,954,695	4,865,481	6,762,031	6,675,621
	<u>1,808,063</u>	<u>1,831,951</u>	<u>5,724,149</u>	<u>5,223,993</u>	<u>7,532,212</u>	<u>7,055,944</u>

- Bank borrowings are secured in the form of mortgage over certain plots of land, assignment of project receivables and lien on bank deposits.
- Certain Group's borrowings carry a net worth covenant.
- In May 2018, the Group entered into a transaction with a financial institution ("The revolving credit facility") that meets the offsetting criteria under IAS 32. The transaction involves a borrowing that is immediately offset with a deposit resulting in the presentation of a net borrowing in the condensed consolidated statement of financial position. As of period end, the net borrowing was AED 2,147,000 thousand (Borrowing of AED 4,912,500 thousand less deposit of AED 2,765,500 thousand) (31 December 2018: AED 2,147,000 thousand). The net borrowing is un-secured, carries interest at relevant EBOR + 1%, drawn for general corporate purposes and repayable in semi-annual instalments of AED 31,250 thousand each. The deposit earns interest at 0.75% plus 3 months EBOR.
- During the period, the Group acquired new loans (note 8). These amortising loans are secured, have interest rates based on relevant EBOR plus a margin and are set to mature in September 2019 (AED 402,769 thousand) and April 2023 (AED 94,763 thousand). Both these loans have subsequently been refinanced with the Group's existing facilities with a maturity of March 2023.

15 Advances from customers

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

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

16 Trade and other payables

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Trade payables	458,765	467,694
Accrual for contractors' costs	1,711,056	1,738,118
Advances from the Government of Abu Dhabi	954,424	1,285,612
Deferred income	362,108	363,082
Dividends payable (note 25)	1,192,360	91,701
Provision for onerous contracts	25,318	31,501
Gross amount due to customers on contracts to construct an asset	89,775	41,478
Due to the Government of Abu Dhabi	79,283	640,657
Other liabilities *	675,925	834,438
	<hr/>	<hr/>
	5,549,014	5,494,281
	<hr/> <hr/>	<hr/> <hr/>

* Other liabilities include contingent consideration payable of AED 60,990 thousand at 31 March 2019 and at 31 December 2018.

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

17 Finance income

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Interest/profit earned on:		
Islamic deposits	8,289	10,607
Term deposits	3,916	7,403
Call and current accounts	5,718	1,148
	<hr/>	<hr/>
Total interest/profit earned	17,923	19,158
Finance income earned on receivables from project finance	3,071	3,283
Other finance income	3,115	2,269
	<hr/>	<hr/>
	24,109	24,710
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

18 Finance costs

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Finance costs on bank borrowings and non-convertible sukuk	81,838	60,346
Unwinding of finance cost on operating lease liability	5,806	5,262
Others	1,499	-
	89,143	65,608

19 Other income

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Government grant income recorded upon handover of infrastructure assets (note 21)	-	133,359
Release of accruals and provisions	27,566	-
Others	10,628	1,887
	38,194	135,246

20 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:

	3 months ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Earnings (AED'000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to Owners of the Company)	552,972	669,466
Weighted average number of shares (000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	7,862,630	7,862,630
Basic and diluted earnings per share attributable to owners of the Company in AED	0.070	0.085

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

21 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.

Related party balances:

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Government of Abu Dhabi:		
Trade and other receivables	729,584	1,066,984
	=====	=====
Trade and other payables	(79,283)	(640,657)
	=====	=====
Advances received	(954,424)	(1,285,612)
	=====	=====
Major shareholder:		
Trade and other receivables	56,875	47,685
	=====	=====
Trade and other payables	(6,688)	(13,229)
	=====	=====
Due from associates and joint ventures	88,143	88,648
	=====	=====
Due to joint ventures for project-related work:	(32,692)	(32,692)
	=====	=====

Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

21 Transactions and balances with related parties (continued)

Significant transactions with related parties during the year are as follows:

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Government of Abu Dhabi:		
Revenue	119,068	248,496
	<hr/> <hr/>	<hr/> <hr/>
Also refer note 8 for a related party transaction.		
Major shareholder:		
Revenue	13,050	-
	<hr/> <hr/>	<hr/> <hr/>
Finance income	2,256	-
	<hr/> <hr/>	<hr/> <hr/>
Finance income from project finance and joint ventures	1,862	4,808
	<hr/> <hr/>	<hr/> <hr/>
	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Key management compensation:		
Salaries, bonuses and other benefits	2,568	2,534
Post-employment benefits	133	570
	<hr/> <hr/>	<hr/> <hr/>
	2,701	3,104
	<hr/> <hr/>	<hr/> <hr/>
Directors remuneration	16,075	19,279
	<hr/> <hr/>	<hr/> <hr/>

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 statement of profit or loss. During the period ended 31 March 2018, an amount of AED 133,359 thousand was recognised as government grant income upon handover of infrastructure assets (note 19).

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

22 Commitment and contingencies

22.1 Capital commitment

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

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Projects under development	3,580,872	4,135,230
Reimbursable project works in progress	842,640	1,135,018
Investment in associates	3,750	4,357
	<u>4,427,262</u>	<u>5,274,605</u>

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

22.2 Operating lease commitment

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<i>The Group as a lessor</i>		
Within one year	852,008	762,555
In the second to fifth year	1,726,563	1,434,533
After five years	1,388,991	507,262
	<u>3,967,562</u>	<u>2,704,350</u>

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
<i>The Group as a lessee</i>		
Unwinding of interest expense during the period on lease liabilities	5,806	5,262
Expense relating to short-term leases	-	174
Total cash outflow in respect of leases	<u>23,250</u>	<u>23,250</u>

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

22 Commitment and contingencies (continued)

22.3 Contingencies

	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<i>Letters of credit and bank guarantees:</i>		
Issued by the Group	807,305	839,167
	<hr/> <hr/>	<hr/> <hr/>
Group's share in contingencies of joint ventures and associates	817	152,052
	<hr/> <hr/>	<hr/> <hr/>

Included in the above are bank guarantees and letters of credit amounting to AED 718,438 thousand (31 December 2018: AED 749,584 thousand) pertaining to a construction related subsidiary.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

23 Segment information

23.1 Business segments

Segment information about the Group's continuing operations for the three months ended 31 March 2019 is presented below:

Three months ended 31 March 2019 (unaudited)

	Property development and management		Asset management			Group AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Adjacencies AED'000	
Revenue from external customers						
- Over a period of time	600,583	24,079	-	116,231	414,076	1,154,969
- At a point in time	91,322	2,418	-	94,129	-	187,869
- Leasing	-	-	421,667	-	-	421,667
Gross revenue (i)	691,905	26,497	421,667	210,360	414,076	1,764,505
Cost of revenue excluding service charge	(404,328)	(2,679)	(50,452)	(153,981)	(396,646)	(1,008,086)
Service charge expenses	-	-	(33,636)	-	-	(33,636)
Gross profit	287,577	23,818	337,579	56,379	17,430	722,783
Depreciation and amortisation	-	-	(2,017)	(37,364)	(22,386)	(61,767)
Provisions for impairments/write downs- net	(1,407)	-	(13,977)	-	3,044	(12,340)
Fair value loss on investment properties	-	-	(40,138)	-	-	(40,138)
Gain on disposal of investment properties	-	-	17,690	-	-	17,690
Share of profit from associates and joint ventures	-	-	7,105	-	-	7,105
Other income	20,196	-	-	-	7,430	27,626
Segment profit	306,366	23,818	306,242	19,015	5,518	660,959
Share of loss from associates and joint ventures						(3,640)
Selling and marketing expenses						(24,900)
General and administrative expenses						(79,896)
Provisions for impairments/write downs - net						(2,074)
Depreciation and amortisation						(3,452)
Finance income						24,109
Finance costs						(89,143)
Other income						10,568
Profit for the period						492,531

(i) Gross revenue of investment properties include AED 33,636 thousand of revenue from service charges.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

23 Segment information (continued)

23.1 Business segments (continued)

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 (unaudited)

	Property development and management		Asset management			Group AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Adjacencies AED'000	
Revenue from external customers						
- Over a period of time	525,751	23,368	-	71,569	305,800	926,488
- At a point in time	48,235	-	-	58,122	-	106,357
- Leasing	-	-	437,080	-	-	437,080
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/(loss)	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)
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

(i) Gross revenue of investment properties include AED 18,822 thousand of revenue from service charges.

Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)

23 Segment information (continued)

23.1 Business segments (continued)

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

	Property development and management		Asset management				Group AED'000
	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	
As at 31 March 2019 (unaudited)							
Assets	11,039,708	1,473,921	18,043,636	2,701,456	2,307,517	2,914,871	38,481,109
Liabilities	(1,534,022)	(2,041,182)	(7,474,992)	(1,073,576)	(1,145,412)	(1,622,556)	(14,891,740)
Period ended 31 March 2019 (unaudited)							
Capital expenditures	15,001	-	468	6,940	2,304	335	25,048
Project expenditures	538,541	-	1,174,130	-	413	-	1,713,084
As at 31 December 2018 (audited)							
Assets	10,967,491	2,312,197	17,712,381	2,679,330	2,274,276	2,598,030	38,543,705
Liabilities	(1,876,126)	(2,472,839)	(7,116,630)	(1,086,522)	(1,218,468)	(537,290)	(14,307,875)
Year ended 31 December 2018 (audited)							
Capital expenditures	1,500,323	-	49,822	341,610	683,953	8,739	2,584,447
Project expenditures	2,516,898	-	898,331	-	3,710	-	3,418,939

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

23 Segment information (continued)

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.

24 Seasonality of results

The seasonal nature of the Group's activities only concerns the hospitality and leisure segment, whose revenue has variability during the first and last quarters of the year.

25 Dividend distribution

At the annual general meeting held on 20 March 2019, the shareholders approved distribution of cash dividend of AED 1,100,768 thousand for the year ended 31 December 2018, being 14 fils per share (for the year 2017 - cash dividend of AED 943,516 thousand, being 12 fils per share), which was paid subsequent to the period end.

26 Non-cash transactions

The following were significant non-cash transactions relating to investing and financing activities of cash flow statement:

	3 months ended 31 March	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Acquisition of investment in joint venture and disposal of a joint venture (note 8)	771,976	-
Addition to investment properties (note 8)	1,111,480	-
Addition to bank borrowings (note 8)	507,601	-
Transfer between investment properties and property, plant and equipment (note 7)	468	29,178
Transfer between investment properties and development work in progress (note 7)	205,635	-

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2019 (continued)**

27 Fair value of financial instruments

Except as disclosed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

	31 March 2019 (unaudited)		31 December 2018 (audited)	
	Gross carrying amount AED'000	Fair value AED'000	Gross carrying amount AED'000	Fair value AED'000
<i>Financial liabilities at amortised cost</i>				
Non-convertible sukuk (note 14)	1,808,063	1,905,077	1,831,951	1,839,285

28 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 May 2019.