

ALDAR PROPERTIES PJSC

**Review report and interim
financial information
for the period ended
30 September 2019**

ALDAR PROPERTIES PJSC

Review report and interim financial information for the period ended 30 September 2019

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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 30 September 2019 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine month period then ended. 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.

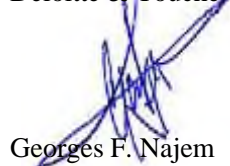
Conclusion

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 income statement, statement of comprehensive income for the three month and nine month period ended 30 September 2018, statement of changes in equity and statement of cash flows and related explanatory information for the nine months period ended 30 September 2018, were reviewed by another auditor who issued an unmodified conclusion dated 14 November 2018.

Deloitte & Touche (M.E.)



Georges F. Najem
Registration No. 809
11 November 2019
Abu Dhabi, United Arab Emirates


**Condensed consolidated statement of financial position
as at 30 September 2019**

	Notes	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,476,659	3,600,971
Intangible assets and goodwill	6	193,155	198,117
Investment properties	7	16,993,128	16,408,303
Investment in associates and joint ventures	8	214,074	993,531
Financial assets at fair value through other comprehensive income ("FVTOCI")	9	55,651	96,116
Other financial asset		-	14,024
Trade and other receivables	10	386,682	399,002
Total non-current assets		21,319,349	21,710,064
Current assets			
Land held for sale		3,667,373	3,806,071
Development work in progress	11	3,393,405	2,473,374
Inventories	12	895,152	469,144
Trade and other receivables	10	5,815,099	5,070,445
Cash and bank balances	13	4,795,891	5,014,607
Total current assets		18,566,920	16,833,641
TOTAL ASSETS		39,886,269	38,543,705


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

**Condensed consolidated statement of financial position
as at 30 September 2019 (continued)**

	Notes	30 September 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		(47,767)	70,547
Investment revaluation reserve		19,889	34,729
Retained earnings		12,480,438	12,163,947
Equity attributable to the owners of the Company		24,246,505	24,063,168
Non-controlling interests		121,677	172,662
Total equity		24,368,182	24,235,830
Non-current liabilities			
Non-convertible sukuk	14	1,808,731	1,810,140
Bank borrowings	14	5,837,555	4,865,481
Retentions payable		349,025	304,702
Lease liabilities		317,950	430,703
Provision for employees' end of service benefit		151,593	145,479
Other financial liabilities		102,610	5,802
Total non-current liabilities		8,567,464	7,562,307
Current liabilities			
Non-convertible sukuk	14	735	21,811
Bank borrowings	14	77,962	358,512
Retentions payable		467,451	409,493
Lease liabilities		183,683	99,195
Advances from customers	15	489,604	362,276
Trade and other payables	16	5,731,188	5,494,281
Total current liabilities		6,950,623	6,745,568
Total liabilities		15,518,087	14,307,875
TOTAL EQUITY AND LIABILITIES		39,886,269	38,543,705


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 income statement
for the period ended 30 September 2019**

	Notes	Three-month ended 30 September		Nine-month ended 30 September	
		2019	2018	2019	2018
		(unaudited) AED'000	(unaudited) AED'000	(unaudited) AED'000	(unaudited) AED'000
Revenue		1,604,966	1,496,976	5,025,619	4,478,364
Direct costs		(942,739)	(916,330)	(2,971,778)	(2,533,445)
Gross profit		662,227	580,646	2,053,841	1,944,919
Selling and marketing expenses		(30,129)	(13,629)	(72,198)	(52,769)
<i>General and administrative expenses</i>					
Staff costs		(56,505)	(54,572)	(174,279)	(160,124)
Depreciation and amortisation		(67,905)	(64,774)	(199,428)	(165,657)
Provisions, impairments and write downs - net		(5,062)	(968)	(22,003)	(21,757)
Others		(22,942)	(42,565)	(69,967)	(98,296)
Loss on revaluation of investment properties	7	(40,138)	(39,902)	(120,413)	(269,706)
Share of (loss)/profit from associates and joint ventures	8	(713)	15,597	(1,623)	51,510
Gain on disposal of joint venture	8	-	-	-	30,319
Gain on disposal of property, plant and equipment	5	-	-	23,013	-
Gain on disposal of investment property	7	-	-	17,690	-
Finance income	17	16,788	23,162	59,498	60,759
Finance costs	18	(82,840)	(82,621)	(260,224)	(222,635)
Other income	19	14,486	99,705	122,039	437,233
Profit for the period		387,267	420,079	1,355,946	1,533,796
Attributable to:					
Owners of the Company		383,530	421,027	1,406,931	1,537,028
Non-controlling interests		3,737	(948)	(50,985)	(3,232)
		387,267	420,079	1,355,946	1,533,796
Basic and diluted earnings per share (AED)	20	0.049	0.054	0.179	0.195

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

**Condensed consolidated statement of comprehensive income
for the period ended 30 September 2019**

	Three-month ended 30 September		Nine-month ended 30 September	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Profit for the period	387,267	420,079	1,355,946	1,533,796
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Loss on revaluation of financial assets at FVTOCI	(2,581)	(2,340)	(4,512)	(6,766)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Changes in fair value of cash flow hedges	(30,706)	21,178	(120,031)	102,932
Reclassification of hedging reserve of a joint venture upon derecognition (Note 8)	-	-	1,717	-
Other comprehensive (loss)/income for the period	(33,287)	18,838	(122,826)	96,166
Total comprehensive income for the period	353,980	438,917	1,233,120	1,629,962
Total comprehensive income attributable to:				
Owners of the Company	350,243	439,865	1,284,105	1,633,194
Non-controlling interests	3,737	(948)	(50,985)	(3,232)
	353,980	438,917	1,233,120	1,629,962

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

**Condensed consolidated statement of changes in equity
for the period ended 30 September 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
Non-controlling interests acquired on the acquisition of subsidiary (Note 21)	-	-	-	-	-	-	41,101	41,101
Acquisition of a non-controlling interest	-	-	-	-	51,106	51,106	(81,106)	(30,000)
Profit for the period	-	-	-	-	1,537,028	1,537,028	(3,232)	1,533,796
Other comprehensive income/(loss)	-	-	102,932	(6,766)	-	96,166	-	96,166
Dividends (Note 26)	-	-	-	-	(943,516)	(943,516)	-	(943,516)
Balance at 30 September 2018 (unaudited)	7,862,630	3,931,315	85,908	37,318	11,845,167	23,762,338	170,374	23,932,712
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	-	-	-	-	1,406,931	1,406,931	(50,985)	1,355,946
Other comprehensive loss	-	-	(118,314)	(4,512)	-	(122,826)	-	(122,826)
Reclassification of financial assets at FVTOCI upon derecognition (Note 9)	-	-	-	(10,328)	10,328	-	-	-
Dividends (Note 26)	-	-	-	-	(1,100,768)	(1,100,768)	-	(1,100,768)
Balance at 30 September 2019 (unaudited)	7,862,630	3,931,315	(47,767)	19,889	12,480,438	24,246,505	121,677	24,368,182

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

**Condensed consolidated statement of cash flows
for the period ended 30 September 2019**

	Notes	Nine-month ended 30 September	
		2019 (unaudited) AED'000	2018 (unaudited) AED'000
Net cash from/(used in) operating activities (i)		642,367	(1,395,864)
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(54,072)	(62,738)
Purchases of intangible assets	6	(4,072)	(3,465)
Purchases of investment properties		(82,997)	(698,876)
Acquisition of operating business, net of cash acquired	21.3	-	(928,337)
Acquisition of cash and cash equivalents	8	89,783	-
Proceeds from disposal of investment properties		281,829	-
Proceeds from disposal of financial assets at FVTOCI	9	30,799	-
Proceeds from disposal of property, plant and equipment		19,250	-
Acquisition of minority interest of a subsidiary		-	(30,000)
Partial swap settlement		-	58,466
Movement in term deposits with original maturities greater than three months		843,000	2,261,410
Movement in restricted bank balances		(133,483)	435,744
Capital call contributions made against investment in financial assets at FVTOCI		(2,451)	(14,421)
Capital distributions received against investment in financial assets at FVTOCI		7,605	28,142
Finance income received		87,573	109,735
Dividends received		15,100	34,775
Net cash from investing activities		1,097,864	1,190,435
Cash flows from financing activities			
Repayments of borrowings		(1,592,851)	(3,932,389)
Borrowings raised		1,774,000	5,047,000
Payment for obligations under lease liabilities	23.2	(40,761)	(46,981)
Directors' remuneration paid		(16,075)	(19,279)
Finance costs paid		(272,232)	(166,914)
Dividends paid		(1,101,511)	(945,147)
Net cash used in financing activities		(1,249,430)	(63,710)
Net increase/(decrease) in cash and cash equivalents		490,801	(269,139)
Cash and cash equivalents at beginning of the period		1,394,358	916,907
Cash and cash equivalents at end of the period	13	1,885,159	647,768

(i) The net cash used in operating activities for the nine months period ended 30 September 2018 include AED 2,050,000 thousand relating to the acquisition of land and projects under development as part of the asset acquisition from TDIC (Note 21).

Refer to note 27 for details of non-cash transactions excluded from the condensed consolidated statement of cash flows.

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

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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 30 September 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 30 September 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*” (*IAS 34*) 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 month and nine month period ended 30 September 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 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.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

5 Property, plant and equipment

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Balance at the beginning of the period/year	3,600,971	2,930,941
Additions/acquisition during the period/year	54,072	904,315
Depreciation charge for the period/year	(197,685)	(234,087)
Transfers from/(to):		
Development work in progress (Note 11)	-	3,218
Investment properties (Note 7)	19,747	(25,700)
Disposals, net	(446)	(223)
Reversal of impairment for the period/year	-	22,507
	<hr/>	<hr/>
Balance at the end of the period/year	3,476,659	3,600,971
	<hr/> <hr/>	<hr/> <hr/>

The Group sold property, plant and equipment resulting in a gain on disposal of AED 23,013 thousand (30 September 2018: nil).

Property, plant and equipment includes right-of-use assets with respect to land leases of AED 72,457 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 9,034 thousand (30 September 2018: AED 5,817 thousand) and additions amounting to AED 4,072 thousand (30 September 2018: AED 3,465 thousand). Other movement relates to acquisition as part of business combination amounted to nil (30 September 2018: AED 179,809 thousand) and goodwill arising from business combination of nil (30 September 2018: AED 17,860 thousand) (Note 21).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

7 Investment properties

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Balance at the beginning of the period/year	16,408,303	16,076,549
Additions/acquisitions during the period/year, net	1,194,479	898,330
Fair value loss, net	(120,413)	(671,046)
Disposals	(263,859)	(102)
Transfers from/(to):		
Inventories	-	83,544
Development work in progress (Note 11)	(205,635)	(4,672)
Property, plant and equipment (Note 5)	(19,747)	25,700
	<hr/>	<hr/>
Balance at the end of the period/year	16,993,128	16,408,303
	<hr/> <hr/>	<hr/> <hr/>

During the period ended 30 September 2019, the Group sold an investment property with a carrying value of AED 263,859 thousand and realised a net gain of AED 17,690 thousand.

During the period ended 30 September 2018, the additions as part of business combination amounted to AED 166,053 thousand (Note 21).

Investment properties include right-of-use assets with respect to land lease of AED 329,731 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 loss of AED 1,623 thousand (30 September 2018: profit of AED 51,510 thousand), dividends received amounting to AED 13,700 thousand (30 September 2018: AED 29,360 thousand) and derecognition of investment in joint ventures amounting to AED 771,976 thousand (30 September 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.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

8 Investment in associates and joint ventures (continued)

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 an additional asset of AED 30,000 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.

During the period ended 30 September 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 30 September 2019 and 31 December 2018, fair value of the contingent consideration amounted to nil.

9 Financial assets at fair value through other comprehensive income

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Investment in UAE quoted securities	40,449	38,950
Investment in UAE unquoted securities	15,202	15,202
Investment in international unquoted securities	-	41,964
	<hr/> 55,651 <hr/>	<hr/> 96,116 <hr/>

During the period, dividend income of AED 1,400 thousand was received from financial assets at FVTOCI (30 September 2018: AED 5,415 thousand).

As at 30 September 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
30 September 2019				
<i>Investments in financial assets at FVTOCI</i>				
Equities	40,449	-	15,202	55,651
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2018				
<i>Investments in financial assets at FVTOCI</i>				
Equities	38,950	-	15,202	54,152
Funds	-	-	41,964	41,964
	<hr/>	<hr/>	<hr/>	<hr/>
	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 30 September 2019 (continued)**

9 Financial assets at fair value through other comprehensive income (continued)

During the period ended 30 September 2019, the Group sold the investments in international unquoted securities having a fair value of AED 30,799 thousand. Investment revaluation reserve credit of AED 10,328 thousand was reclassified to retained earnings. The loss for the period was AED 6,012 thousand.

10 Trade and other receivables

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Non-current portion		
Receivables relating to project finance	140,005	136,016
Receivables from the Government of Abu Dhabi	95,000	95,000
Due from associates and joint ventures	174,794	176,776
Others	80,237	88,914
	<hr/>	<hr/>
	490,036	496,706
Less: allowance for expected credit loss (i)	(103,354)	(97,704)
	<hr/>	<hr/>
	386,682	399,002
	<hr/> <hr/>	<hr/> <hr/>
Current portion		
Trade receivables	2,239,192	1,827,753
Gross amounts due from customers on contracts for sale of properties	1,810,818	1,096,306
Gross amounts due from customers on contracts to construct an asset	49,397	49,397
Advances and prepayments	867,469	1,109,827
Refundable costs	380,308	478,923
Accrued interest	29,337	42,572
Due from associates and joint ventures	25,705	25,707
Receivables relating to project finance	9,774	14,941
Receivables from the Government of Abu Dhabi	-	279,258
Others	633,935	475,259
	<hr/>	<hr/>
	6,045,935	5,399,943
Less: allowance for expected credit loss (i)	(230,836)	(329,498)
	<hr/>	<hr/>
	5,815,099	5,070,445
	<hr/> <hr/>	<hr/> <hr/>

(i) During the period, allowance for expected credit loss of AED 25,614 thousand (30 September 2018: AED 20,533 thousand) was made and receivables amounting to AED 118,627 thousand were written off against allowance (30 September 2018: nil).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

11 Development work in progress

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

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Balance at beginning of the period/year	2,473,374	1,476,818
Development costs incurred during the year	1,937,810	2,520,606
Recognised in costs of properties sold	(1,193,056)	(1,307,628)
Transfers from/(to):		
Land held for sale	200,240	144,505
Inventories (Note 12)	(229,987)	(359,033)
Investment properties (Note 7)	205,635	4,672
Property, plant and equipment (Note 5)	-	(3,218)
Write-off of project costs	<u>(611)</u>	<u>(3,348)</u>
Balance at the end of the period/year	<u>3,393,405</u>	<u>2,473,374</u>

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

12 Inventories

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Completed properties	852,514	402,190
Other operating inventories	42,638	66,954
Balance at the end of the period/year	<u>895,152</u>	<u>469,144</u>

During the period, properties with a value of AED 229,987 thousand (30 September 2018: AED 317,447 thousand) were transferred from development work in progress to inventories upon completion (Note 11).

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

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

13 Cash and bank balances

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Cash and bank balances	3,549,840	3,313,498
Short term deposits held with banks	1,246,051	1,701,109
	<hr/>	<hr/>
Cash and bank balances	4,795,891	5,014,607
Short term deposits with original maturities greater than three months	(35,000)	(878,000)
Restricted bank balances	(2,875,732)	(2,742,249)
	<hr/>	<hr/>
Cash and cash equivalents	1,885,159	1,394,358
	<hr/> <hr/>	<hr/> <hr/>

Restricted bank balances include AED 840,046 thousand (31 December 2018: AED 1,159,502 thousand) lying in escrow accounts representing the surplus of cash received from customers over amounts spent on ongoing development Projects.

The interest rate on term deposits during the period/year ranges between 0.40% and 3.55% (31 December 2018: between 0.40% and 3.50%) 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	
	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<i>Current</i>						
Within one year	735	21,811	77,962	358,512	78,697	380,323
<i>Non-current</i>						
More than one year	1,808,731	1,810,140	5,837,555	4,865,481	7,646,286	6,675,621
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,809,466	1,831,951	5,915,517	5,223,993	7,724,983	7,055,944
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

- a) Bank borrowings are secured in the form of mortgage over certain plots of land, operating assets and lien on bank deposits.
- b) Certain Group's borrowings carry a net worth covenant.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

14 Bank borrowings and non-convertible sukuk (continued)

- c) 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 2,695,750 thousand (Borrowing of AED 4,881,250 thousand less deposit of AED 2,185,500 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.

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.

16 Trade and other payables

	30 September 2019 (unaudited) AED’000	31 December 2018 (audited) AED’000
Trade payables	497,297	467,694
Accrual for contractors’ costs	1,951,177	1,738,118
Advances from the Government of Abu Dhabi	1,037,010	1,285,612
Due to the Government of Abu Dhabi	782,707	640,657
Deferred income	388,512	363,082
Dividends payable	90,958	91,701
Gross amount due to customers on contracts to construct an asset	138,664	41,478
Gross amount due to customers on contracts for sale of properties	5,215	-
Provision for onerous contracts	13,263	31,501
Other liabilities	826,385	834,438
	5,731,188	5,494,281

Other liabilities include contingent consideration payable of AED 60,990 thousand at 30 September 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.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

17 Finance income

	Three-month ended 30 September		Nine-month 30 September	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Interest/profit earned on:				
Islamic deposits	3,573	5,349	15,951	20,368
Term deposits	1,617	1,137	8,465	9,890
Call and current accounts	6,462	11,471	17,347	13,459
Total interest/profit earned	11,652	17,957	41,763	43,717
Finance income earned on receivables from project finance	3,059	3,301	9,192	9,859
Other finance income	2,077	1,904	8,543	7,183
	16,788	23,162	59,498	60,759

18 Finance costs

	Three-month ended 30 September		Nine-month ended 30 September	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Finance costs on bank borrowings and non-convertible sukuk	77,039	78,765	242,811	208,128
Unwinding of finance cost on operating lease liability (Note 23.2)	4,302	3,856	12,915	14,507
Others	1,499	-	4,498	-
	82,840	82,621	260,224	222,635

19 Other income

	Three-month ended 30 September		Nine-month ended 30 September	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Government grant income recorded upon handover of infrastructure assets (Note 22)	-	-	-	187,674
Release of infrastructure accruals and other accruals and provisions	-	64,452	28,441	79,452
Gain on bargain purchase (Note 21)	-	-	-	132,791
Others (i)	14,486	35,253	93,598	37,316
	14,486	99,705	122,039	437,233

Notes to the condensed consolidated financial statements for the period ended 30 September 2019 (continued)

19 Other income (continued)

(i) Others include an amount of AED 60,942 thousand representing fair value of a plot of land acquired from Tourism Development Investment Company PJSC (“TDIC”) pursuant to a warranty claim settlement under the framework agreement (Note 21).

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:

	Three-month ended 30 September		Nine-month ended 30 September	
	2019 (unaudited)	2018 (unaudited)	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)	383,530	421,027	1,406,931	1,537,028
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	7,862,630	7,862,630
Basic and diluted earnings per share attributable to owners of the Company in AED	0.049	0.054	0.179	0.195

21 Business combination

During the period ended 30 September 2018, the Company signed a framework agreement (the “Agreement”) with TDIC to acquire a portfolio of real estate assets, including limited liability companies, operating businesses and other assets for a total consideration AED 3,625,000 thousand as given below:

	AED’000
Operating Businesses (Notes 21.1 and 21.2) and other assets	1,575,000
Projects under development and lands	2,050,000
	<hr/>
	3,625,000
	<hr/>

The acquisition comprised of assets and businesses across hospitality, retail, residential, district cooling and education sectors. The aforementioned acquisition is a part of the Group’s strategic plan to profitably deploy capital to expand its portfolio. Based on the Agreement, the effective date of acquisition of assets and control over the operating businesses acquired had been determined as 1 May 2018.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

21 Business combination (continued)

21.1 Operating businesses

Under the Agreement, the operating businesses acquired, included the acquisition of certain legal entities (listed in 21.1.1 below) and other businesses (listed in 21.1.2 below) acquired from TDIC. The operating businesses met the definition of “Business” under IFRS 3.

21.1.1 Legal entities acquired

<u>Name</u>	<u>Ownership interest</u>	<u>Country of incorporation/operation</u>	<u>Principal activity</u>
TDIC Food & Beverage - Sole Proprietorship LLC	100%	UAE	Restaurant management
TDIC Education - Sole Proprietorship LLC	100%	UAE	Educational activities
Saadiyat District Cooling LLC	100%	UAE	Cooling station operations
Saadiyat Cooling LLC	85%	UAE	Cooling station operations

21.1.2 Other businesses acquired

<i>Name</i>	<i>Principal activity</i>
Saadiyat Beach Club	Beach club
Eastern Mangroves Hotel & Spa	Hotel and hospitality services
The Westin Abu Dhabi Golf Resort & Spa	Hotel and hospitality services
Abu Dhabi Golf Club	Golf club
Saadiyat Beach Golf Club	Golf club
Eastern Mangroves Retail and Marina	Retail units and marina
Al Bateen Marina Retail and Marina	Retail units and marina

For the above operating businesses, as per the Agreement, the Group acquired control from the effective date. The country of incorporation and operation of all the other businesses is UAE.

The operating businesses acquired represent business combinations under IFRS 3 *Business Combinations* and have been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed forming part of business combination, has been recognised at its respective fair values, as of 1 May 2018. The remaining assets were accounted for and classified as additions of assets by their nature.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets at fair value.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

21 Business combination (continued)

21.2 Assets acquired and the liabilities assumed of the operating businesses

Acquisition date fair values of the identifiable assets acquired and liabilities assumed of the operating Businesses, as well as the fair value of the non-controlling interest in one of the acquired entity, Saadiyat Cooling LLC were determined as follows:

	<i>Notes</i>	Fair value recognised on acquisition AED '000
Assets		
Property, plant and equipment	5	810,145
Intangible assets (i)	6	179,809
Investment properties	7	166,053
Inventories		6,220
Trade and other receivables		103,190
Cash and bank balances		<u>136,663</u>
Total assets		<u>1,402,080</u>
Liabilities		
Advances from customers		8,110
Trade and other payables		<u>167,562</u>
Total liabilities		<u>175,672</u>
Total identifiable net assets at fair value		1,226,408
Non-controlling interest (ii)		<u>(41,101)</u>
Group's share of net assets acquired		1,185,307
Less: Purchase consideration		<u>(1,070,376)</u>
Gain on bargain purchase, net of goodwill		<u>(114,931)</u>
Goodwill (iii)	6	17,860
Gain on bargain purchase (iv)	19	<u>(132,791)</u>
		<u>(114,931)</u>

- (i) The fair value of the acquired identifiable intangible assets of AED 179,809 thousand (Note 6), recognised as part of business combination, represents long term non-cancellable contracts with customers for the supply of district cooling services that are valued based on the present value of expected future cash flows that will be generated over its remaining useful life.
- (ii) This represent non-controlling interest in Saadiyat Cooling LLC which is measured at 15% of net assets at fair value.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

21 Business combination (continued)

21.2 Assets acquired and the liabilities assumed of the operating businesses (continued)

- (iii) Goodwill of AED 17,860 thousand arising from the acquisition comprises largely of the sales growth, new customers and expected synergies. Goodwill is allocated to asset management segment only.
- (iv) The gain on bargain purchase is included in other income and arises from the difference between the fair value of the net assets acquired of the operating businesses, forming part of business combination and consideration paid.

During the period, in line with the Agreement, the Company entered into warranty claim settlement with TDIC whereby a plot of land with a fair value of AED 60,942 thousand was transferred to the Company (Note 19).

21.3 Analysis of cash flows on acquisition of operating businesses

	AED '000
Cash paid for the acquisition (Note 21)	(1,065,000)
Net cash acquired on business combination	<u>136,663</u>
Acquisition of Operating Business - net of cash acquired (included in cash flows from investing activities)	<u>(928,337)</u>
Transaction costs of the acquisition (included in cash flows from operating activities)	<u>(4,406)</u>
Net cash outflow on acquisition	<u>(932,743)</u>

The fair value of the contingent consideration of AED 60,990 thousand was estimated by applying an income approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 “Fair Value Measurement” refers to as level 3 inputs. Key assumptions include a discount rate of 9.7% and probable revenue of AED 60,990 thousand. As of 30 September 2018, neither the amount recognised for the contingent consideration arrangement, nor the range of outcomes, or the assumptions used to develop the estimates, had changed.

Acquisition related costs amounted to AED 4,406 thousand in relation to acquisition of Operating Businesses were expensed during the period ended 30 September 2018 and are included in general and administrative expenses.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

22 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:

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Government of Abu Dhabi:		
Trade and other receivables	773,279	1,066,984
	=====	=====
Trade and other payables	(782,707)	(640,657)
	=====	=====
Advances received	(1,037,011)	(1,285,612)
	=====	=====
Major shareholder:		
Trade and other receivables	36,882	47,685
	=====	=====
Trade and other payables	(14,286)	(13,229)
	=====	=====
Due from associates and joint ventures	81,016	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 30 September 2019 (continued)**

22 Transactions and balances with related parties (continued)

Transactions with related parties:

	Nine-month ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	AED'000	AED'000
Government of Abu Dhabi:		
Revenue	383,005	511,982
	<hr/> <hr/>	<hr/> <hr/>
Also refer to Note 8 for a related party transaction.		
Major shareholder:		
Revenue	35,798	17,945
	<hr/> <hr/>	<hr/> <hr/>
Finance income	6,747	4,538
	<hr/> <hr/>	<hr/> <hr/>
Finance income from project finance and joint ventures	5,649	10,247
	<hr/> <hr/>	<hr/> <hr/>
	Nine-month ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	AED'000	AED'000
Key management compensation:		
Salaries, bonuses and other benefits	8,761	7,906
Post-employment benefits	1,878	818
	<hr/> <hr/>	<hr/> <hr/>
	10,639	8,724
	<hr/> <hr/>	<hr/> <hr/>
Directors remuneration paid	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 30 September 2018, AED 187,674 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 30 September 2019 (continued)**

23 Commitments and contingencies

23.1 Capital commitments

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

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Projects under development	2,921,660	4,135,230
Reimbursable project works in progress	2,807,374	1,135,018
Investment in associates	-	4,357
	<u>5,729,034</u>	<u>5,274,605</u>

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

23.2 Operating lease commitments

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<i>The Group as a lessor</i>		
Within one year	843,243	762,555
In the second to fifth year	2,023,514	1,434,533
After five years	1,505,734	507,262
	<u>4,372,491</u>	<u>2,704,350</u>

	Nine-month ended 30 September	
	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 (Note 18)	12,915	14,507
Expense relating to short-term leases	-	174
Total cash outflow in respect of leases	<u>40,761</u>	<u>46,981</u>

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

23 Commitments and contingencies (continued)

23.3 Contingencies

	30 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<i>Letters of credit and bank guarantees:</i>		
Issued by the Group	877,411	839,167
	=====	=====
Group's share in contingencies of joint ventures and associates	200	152,052
	=====	=====

Included in the above are bank guarantees and letters of credit amounting to AED 727,882 thousand (31 December 2018: AED 749,584 thousand) pertaining to a subsidiary.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

24 Segment information

24.1 Business segments

Segment information about the Group's continuing operations is presented below:

Nine-month period ended 30 September 2019 (unaudited):

	Property development and management		Asset management		Adjacencies AED'000	Group AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000		
Revenue from external customers						
- Over a period of time	1,800,827	61,534	-	244,607	1,213,288	3,320,256
- At a point in time	145,464	45,192	-	224,446	-	415,102
- Leasing	-	-	1,290,261	-	-	1,290,261
Gross revenue (i)	1,946,291	106,726	1,290,261	469,053	1,213,288	5,025,619
Cost of revenue excluding service charge	(1,175,083)	(6,755)	(118,695)	(407,098)	(1,130,383)	(2,838,014)
Service charge expenses	-	-	(133,764)	-	-	(133,764)
Gross profit	771,208	99,971	1,037,802	61,955	82,905	2,053,841
Depreciation and amortisation	-	-	(7,324)	(114,246)	(66,740)	(188,310)
Provisions, impairments and write downs – net	(9,893)	-	(22,107)	-	10,814	(21,186)
Fair value loss on investment properties	-	-	(120,413)	-	-	(120,413)
Gain on disposal of property, plant and equipment	-	-	23,013	-	-	23,013
Gain on disposal of investment properties	-	-	17,690	-	-	17,690
Share of profit from associates and joint ventures	-	-	7,105	-	-	7,105
Other income	19,695	-	-	-	9,751	29,446
Segment profit/(loss)	781,010	99,971	935,766	(52,291)	36,730	1,801,186
Share of loss from associates and joint ventures						(8,728)
Selling and marketing expenses						(72,198)
General and administrative expenses						(244,246)
Provisions, impairments and write downs - net						(817)
Depreciation and amortisation						(11,118)
Finance income						59,498
Finance costs						(260,224)
Other income						92,593
Profit for the period						1,355,946

(i) Gross revenue of investment properties include AED 133,764 thousand of revenue from service charges.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

24 Segment information (continued)

24.1 Business segments (continued)

Nine-month period 30 September 2018 (unaudited):

	Property development and management		Asset management		Adjacencies AED'000	Group AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000		
Revenue from external customers						
- Over a period of time	1,462,554	46,471	-	177,964	1,056,418	2,743,407
- At a point in time	203,816	12,245	-	198,415	-	414,476
- Leasing	-	-	1,320,481	-	-	1,320,481
Gross revenue (ii)	1,666,370	58,716	1,320,481	376,379	1,056,418	4,478,364
Cost of revenue excluding service charge	(900,297)	(10,615)	(141,553)	(356,255)	(1,021,656)	(2,430,376)
Service charge expenses	-	-	(103,069)	-	-	(103,069)
Gross profit	766,073	48,101	1,075,859	20,124	34,762	1,944,919
Depreciation and amortisation	-	-	(5,392)	(98,350)	(51,817)	(155,559)
Provisions, impairments and write downs - net	-	-	(32,333)	-	(5,455)	(37,788)
Fair value loss on investment properties	-	-	(269,706)	-	-	(269,706)
Share of profit from associates and joint ventures	-	-	48,252	-	-	48,252
Other income	298,308	-	-	-	-	298,308
Segment profit/(loss)	1,064,381	48,101	816,680	(78,226)	(22,510)	1,828,426
Share of loss from associates and joint ventures						3,258
Selling and marketing expenses						(52,769)
General and administrative expenses						(258,420)
Provisions, impairments and write downs - net						16,031
Gain on disposal of joint venture						30,319
Depreciation and amortisation						(10,098)
Finance income						60,759
Finance costs						(222,635)
Other income						138,925
Profit for the period						1,533,796

(ii) Gross revenue of investment properties include AED 103,069 thousand of revenue from service charges.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2019 (continued)**

24 Segment information (continued)

24.1 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 30 September 2019 (unaudited)							
Assets	12,405,248	2,479,370	17,869,681	2,573,845	2,591,231	1,966,894	39,886,269
Liabilities	(2,560,435)	(2,572,683)	(7,477,824)	(1,059,672)	(1,326,514)	(520,959)	(15,518,087)
Period ended 30 September 2019 (unaudited)							
Capital expenditures	95,147	-	-	30,331	22,450	1,339	149,267
Project expenditures	1,946,996	-	1,194,477	-	2,161	-	3,143,634
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 30 September 2019 (continued)**

24 Segment information (continued)

24.2 Geographical segments

The Group operated only in one geographical segment, i.e., United Arab Emirates.

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.

25 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.

26 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).

27 Non-cash transactions

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

	Nine-month ended	
	30 September	
	2019	2018
	(unaudited)	(unaudited)
	AED'000	AED'000
Acquisition of investment in joint ventures 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 (Notes 5, 7)	19,747	25,700
Transfer between investment properties and development work in progress (Notes 7, 11)	205,635	-

Notes to the condensed consolidated financial statements for the period ended 30 September 2019 (continued)

28 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.

	30 September 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)	1,809,466	1,975,829	1,831,951	1,839,285

The non-convertible sukuk are categorised under Level 1 in the fair value hierarchy.

The Company entered into floating to fixed interest rate swaps to partially hedge its interest rate risk in relation to its floating rate borrowings. As per the terms of the contracts, the Company's floating interest rate payments relating to a notional amount of AED 2,020,150 thousand of the borrowings are at a fixed rate in exchange for the bank paying 3 month USD LIBOR. The fair values are determined by counterparty banks and are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from observable interest rates. The fair values of these interest rate swaps are presented below:

	30 September 2019 (unaudited)		31 December 2018 (audited)	
	Gross carrying amount AED'000	Fair value hierarchy	Gross carrying amount AED'000	Fair value hierarchy
Derivative financial assets – interest rate swaps	-	Level 2	14,024	Level 2
Derivative financial liabilities – interest rate swaps	102,610	Level 2	5,802	Level 2

29 Event after the reporting period

Subsequent to the reporting period, the Group issued non-convertible Sukuk notes for a total value of USD 500,000 thousand at a rate of 3.875% per annum due 2029. The funds received were used to repay the existing bank borrowings of AED 1,400,000 thousand.

30 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 November 2019.