Dubai Parks and Resorts PJSC
and its Subsidiaries
Dubai - United Arab Emirates

Consolidated financial statements
and independent auditor's report
for the year ended 31 December 2014

Dubai Parks and Resorts PJSC and its Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dubai Parks and Resorts PJSC
Dubai
United Arab Emirates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Dubai Parks and Resorts PJSC, Dubai, United Arab Emirates** (the "Company") and **its Subsidiaries** (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Cont'd....

Anis Sadek (521), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

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INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Dubai Parks and Resorts PJSC, Dubai, United Arab Emirates, and its Subsidiaries** as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Company has maintained proper books of accounts. The information contained in the Director's report relating to the consolidated financial statements is in agreement with the books. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the U.A.E. Federal Commercial Companies Law No. (8) of 1984 (as amended), or the Articles of Association of the Company which might have materially affected the financial position of the Company or its financial performance.

Anis F. Sadek
Partner
Registration No. 521

1 March 2015

ديلويت اند توش
Deloitte & Touche

Consolidated statement of financial position as at 31 December 2014

	Notes	2014 AED'000	2013 AED'000
ASSETS			
Property and equipment	6	**1,994,295**	317,216
Investment properties	7	**199,596**	2,629
Advances to contractors and other receivables	8	**370,399**	19,997
Other financial assets	9	**4,150,000**	-
Cash and cash equivalents	10	**163,573**	-
Total Assets		**6,877,863**	339,842
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**6,321,828**	600
Equity issue reserve	12	**3,736**	-
Accumulated losses		**(38,326)**	(17,044)
Total equity		**6,287,238**	(16,444)
Liabilities			
Due to related parties	14(c)	**16,008**	315,467
Trade and other payables	15	**574,617**	40,819
Total liabilities		**590,625**	356,286
Total Equity and Liabilities		**6,877,863**	339,842

Mr. Abdulwahab Al Halabi
Vice Chairman

Mr. Raed Al Nuaimi
Chief Executive Officer

Mr. Fahad Kazim
Non-Executive Director

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

Consolidated statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 AED'000	2013 AED'000
General and administrative expenses	16	**(21,830)**	(12,816)
Marketing and selling expenses		**(1,149)**	-
Interest income		**1,697**	-
Loss for the year		**(21,282)**	(12,816)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(21,282)**	(12,816)
Loss per share:			
Basic and diluted loss per share (AED)	17	**(0.003)**	(0.002)

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

Consolidated statement of changes in equity for the year ended 31 December 2014

	Share capital AED'000	Equity issue reserve AED'000	Accumulated losses AED'000	Total AED'000
Balance as at 1 January 2013	300	-	(4,228)	(3,928)
Additional share capital (Note 11)	300	-	-	300
Total comprehensive loss for the year	-	-	(12,816)	(12,816)
Balance as at 31 December 2013	600	-	(17,044)	(16,444)
Share capital decrease (Note 11)	(600)	-	-	(600)
Issuance of share capital (Note 11)	6,321,828	-	-	6,321,828
Net initial public offering income (Note 12)	-	3,736	-	3,736
Total comprehensive loss for the year	-	-	(21,282)	(21,282)
Balance as at 31 December 2014	**6,321,828**	**3,736**	**(38,326)**	**6,287,238**

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

Consolidated statement of cash flows for the year ended 31 December 2014

	2014 AED'000	2013* AED'000
Operating activities		
Loss for the year	**(21,282)**	(12,816)
Adjustments for:		
Depreciation expense	**429**	-
Interest income	**(1,697)**	-
Provision for employees' end of service indemnity	**2,440**	-
General and administrative expenses	**-**	12,816
Operating cash flows before changes in operating assets and liabilities	**(20,110)**	-
Increase in advances to contractors and other receivables	**(200,211)**	-
Increase in trade and other payables	**531,358**	-
Net cash from operating activities	**311,037**	-
Cash flows from investing activities		
Increase in other financial assets	**(4,150,000)**	-
Additions to property and equipment	**(959,772)**	-
Additions to investment properties	**(17,172)**	-
Interest received	**222**	-
Net cash used in investing activities	**(5,126,722)**	-
Cash flows from financing activities		
Proceeds from issuance of share capital	**4,544,915**	-
Movement in due to related parties	**579,323**	-
Arrangement fees paid	**(148,716)**	-
Initial public offering income	**63,218**	-
Incorporation expenses paid	**(59,482)**	-
Net cash from financing activities	**4,979,258**	-
Cash and cash equivalents at the end of the year (Note 10)	**163,573**	-
Non-cash transactions:		
Forgiven balances due to related parties through issuance of share capital (Note 11)	**880,674**	-
Land transferred and leased to the Group through issuance of share capital (Notes 6,7 and 11)	**896,238**	-
Transfers of property and equipment from a related party (Note 6)	**(1,293)**	-
Reversal of share capital from prior year (Note 11)	**(600)**	-

*The Group did not hold any cash or cash equivalents as at 31 December 2013 and consequently, there are no cash flows for the Group for the year ended 31 December 2013.

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

Notes to the consolidated financial statements for the year ended 31 December 2014

1. General information

Dubai Parks and Resorts PJSC (the "Company" or the "Parent Company") was originally formed as a limited liability company with commercial license number 673692 and was established on 11 July 2012 with share capital comprising of 300 authorized, issued and fully paid shares of AED 1,000 each. On 9 December 2014 approval from the Ministry of Economy was obtained, and the Company was converted to a Public Joint Stock Company in accordance with U.A.E. Federal Law No. 8 of 1984, as amended. The Company is a subsidiary of Meraas Holding (LLC) (the "Ultimate Parent Company").

The registered address of the Company is P.O. Box 123311, Dubai, United Arab Emirates.

As at 31 December 2014, the licensed activities of the Parent Company and its subsidiaries (collectively the "Group") are investment in commercial enterprises and management of amusement parks, investment in and management of tourist enterprises and sport & recreational events tickets e-trading, marketing management, facilities management services and event management.

As at 31 December 2014, the Company has not started its commercial operations and accordingly there is no operating revenue for the period.

The consolidated financial statements include the following subsidiaries:

Name of subsidiary	Place of incorporation	Date of incorporation	Percentage of ownership		Activity
			Legal	Beneficial	
Motiongate (LLC)	Dubai, U.A.E.	18 March 2013	99%	100%	Theme park development
Dubai Parks Destination Management (LLC)	Dubai, U.A.E.	25 August 2014	99%	100%	Theme park management
Bollywood Parks (LLC)	Dubai, U.A.E.	25 August 2014	99%	100%	Theme park development
Dubai Parks Hotel (LLC)	Dubai, U.A.E.	25 August 2014	99%	100%	Real estate development
River Park (LLC)	Dubai, U.A.E.	25 August 2014	99%	100%	Real estate development
LL Dubai Theme Park (LLC)	Dubai, U.A.E.	7 September 2014	99%	100%	Theme park development
Mgate Operations (LLC)*	Dubai, U.A.E.	8 April 2013	100%	100%	Facilities management
LL Dubai Operations (LLC)**	Dubai, U.A.E.	14 October 2014	100%	100%	Facilities management

* *Subsidiary of Motiongate (LLC)*

** *Subsidiary of LL Dubai Theme Park (LLC)*

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

2.1 New and revised IFRS applied with no material effect on the consolidated financial statements

In the current year, the Group for the first time has applied the following new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior year but may affect the accounting for future transactions or arrangements.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

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

2.1 New and revised IFRS applied with no material effect on the consolidated financial statements (continued)

- Amendments to International Accounting Standard (IAS) 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 *Impairment of Assets* relating to recoverable amount disclosures. The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* relating to novation of Derivatives and Continuation of Hedge Accounting. The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.
- IFRIC 21 *Levies* was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* - Guidance on Investment Entities. These amendments introduce the concept of an investment entity in IFRS and develop an exemption from the requirement to consolidate subsidiaries for eligible investment entities (such as mutual funds, unit trusts, and similar entities), instead requiring the use of the fair value to measure those investments.

2.2 New and revised standards and interpretations are in issue but not yet effective

New and revised IFRS	***Effective for annual periods beginning on or after***
• Amendments to IFRS 7 *Financial Instruments*: *Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied.
• IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied.
• IFRS 9 Financial Instruments (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2018

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

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

2.2 New and revised standards and interpretations are in issue but not yet effective (continued)

New and revised IFRS	*Effective for annual periods beginning on or after*
IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9. Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.	
• IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:	1 January 2017

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

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

2.2 New and revised standards and interpretations are in issue but not yet effective (continued)

New and revised IFRS	*Effective for annual periods beginning on or after*
▪ Step 1: Identify the contract(s) with a customer. ▪ Step 2: Identify the performance obligations in the contract. ▪ Step 3: Determine the transaction price. ▪ Step 4: Allocate the transaction price to the performance obligations in the contract. ▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

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

2.2 New and revised standards and interpretations are in issue but not yet effective (continued)

New and revised IFRS	*Effective for annual periods beginning on or after*
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 *Employee Benefits* clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 may have impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

3. Significant accounting policies

Basis of preparation

During 2014, the Company legally acquired the ownership of the subsidiaries listed in Note 1 to the consolidated financial statements through assignment and transfer of shares from a related party and the Ultimate Parent Company. Before the assignment and transfer of shares, the subsidiaries of the Company were ultimately controlled by the Ultimate Parent Company which is consistent with the Group of entities combined as at 31 December 2013. Accordingly, the consolidated financial statements have been prepared in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*.

In the prior year, the legal entities constituting the Group for these consolidated financial statements did not constitute a legal group. Accordingly, the consolidated financial statements as at 31 December 2013 were prepared on a combined basis and therefore did not fully comply with the requirements of IFRS 10 *Consolidated Financial Statements*, however the consolidated financial statements were prepared by applying the principles underlying the consolidation process of IFRS 10.

Internal transactions within the Group have been eliminated in full on consolidation.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (''IFRS'') that are effective for financial year beginning on or after 1 January 2014.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Basis of preparation (continued)

The consolidated financial statements have been prepared based on the following:

- The assets, liabilities and the profit or loss of the entities comprising the Group have been aggregated. All transactions and balances between entities included within consolidated financial statements have been eliminated. Transactions and balances with the Ultimate Parent Company and related parties under Meraas Holding (LLC) do not eliminate within the consolidated Group and are classified as related party transactions.
- During the year, certain transfers have taken place between the related parties and entities within the Group. Details of material transactions/transfers between the Group and the related parties are included in Note 14 to the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its Subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Revenue recognition

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties comprise of properties held to earn rentals or for capital appreciation, or both, (including investment properties constructed for such purposes). Investment properties are measured initially at cost, including related transaction costs, less accumulated depreciation and any accumulated impairment losses in accordance with the cost model of IAS 40 *Investment Properties.*

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in profit or loss as the expense is incurred.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by the ending of owner-occupation for a transfer from owner occupied property or commencement of an operating lease to another party for a transfer from inventories. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner-occupation for a transfer to owner occupied property or commencement of development with a view to sale for a transfer to inventories. Such transfers are made at the carrying value of the properties at the date of transfer.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Property and equipment

Property and equipment comprise of land, vehicles, IT equipment and capital work-in-progress.

All items of property and equipment are initially recorded at cost. Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Borrowing costs that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation is charged so as to write-off the cost of property and equipment, other than capital work-in-progress, less their estimated residual value, on a straight-line basis over the expected useful lives of the assets, as follows:

	Years
Vehicles	3 - 5
IT Equipment	3 - 5

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated property and equipment are retained in the consolidated financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Capital work-in-progress

Capital work-in-progress includes properties that are being constructed or developed for future use. Cost includes pre-development infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised during the period when activities that are necessary to make the assets ready for their intended use are in progress. These properties are classified as capital work-in-progress until construction or development is completed.

Direct costs from the start of the project up to completion of the project are capitalised. No depreciation is charged on capital work-in-progress.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Property and equipment (continued)

Classification of properties

Management determines at the time of acquisition or construction of the property, whether the property should be classified as development property, investment property or property, plant and equipment. The Group classifies a property as development property when the intention is to develop the property for the purpose of future sale to third parties. The Group classifies a property as investment property when the intention is to hold the property for rental, capital appreciation or for undetermined use. The Group classifies a property as property, plant and equipment when the intention is to use the property for its operations.

Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount in excess of cost, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount in excess of cost, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Foreign currency transactions

The consolidated statement of financial position is presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the consolidated statement of financial position, the financial position of the Group are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Group, and the presentation currency for the consolidated statement of financial position.

In preparing the consolidated statement of financial position, transactions in currencies other than the Group's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group has become a party to the contracted provisions of the instrument.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgment in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management have made the following critical judgments that have most significant effect on the amounts recognised in the consolidated financial statements:

Accounting for arrangement fees

The management has considered IAS 39 *Financial Instruments: Recognition and Measurement* in accounting for arrangement fees for the Group's bank facilities. Management believes that it is probable that the bank facilities will be drawn down in the future and therefore, the arrangement fees are deferred as at the reporting date and will be treated as a transaction cost when the draw-down occurs and amortized over the period of the bank facility.

Key sources of estimation uncertainty

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting period, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property and equipment and investment properties

The carrying values of the Group's property and equipment and investment properties are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Management judge the recoverable amount of an asset as the greater of its value in use and its fair value less cost to sell. To assess value in use, estimated future cash flows are discounted to their present value using an appropriate discount rate. The key assumptions and estimates used when calculating the net present value of future cash flows are: a) future cash flows; b) timing and quantum of future capital and maintenance expenditures; c) long term growth rates, and d) discount rates to reflect the risks involved. As at the reporting date, there is no indication of impairment.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Estimation of useful lives of investment properties

The asset's residual values and useful lives are reviewed at the reporting date and adjusted if appropriate, taking into account technology developments. Uniform depreciation rates are established based on the straight-line method which may not represent the actual usage of the assets. As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

5. Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. The Group determines and presents financial information as a single operating segment based on the information that is provided internally to corporate management for decision making.

6. Property and equipment

	Land AED'000	Vehicles AED'000	Computer equipment AED'000	Capital work-in-progress AED'000	Total AED'000
Cost					
As at 1 January 2013	-	-	-	44,016	44,016
Additional cost incurred during the year	-	-	-	273,200	273,200
As at 31 December 2013	-	-	-	317,216	317,216
Additional cost incurred during the year	-			959,772	959,772
Contribution from the Ultimate Parent Company (a)	716,443	-	-	-	716,443
Transfers from a related party	-	321	972	-	1,293
As at 31 December 2014	**716,443**	**321**	**972**	**1,276,988**	**1,994,724**
Accumulated depreciation					
As at 1 January 2013	-	-	-	-	-
Charge for the year	-	-	-	-	-
As at 31 December 2013	-	-	-	-	-
Charge for the year	-	113	316	-	429
As at 31 December 2014	**-**	**113**	**316**	**-**	**429**
Carrying amount					
At 31 December 2014	**716,443**	**208**	**656**	**1,276,988**	**1,994,295**
At 31 December 2013	-	-	-	317,216	317,216

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

6. Property and equipment (continued)

a) Property and equipment relates to amusement park projects undertaken on land which the Group has the exclusive right to develop. On 20 October 2014, the Ultimate Parent Company transferred to the Group the title to the related plots of land with a fair market value of AED 716 million as assessed by the Dubai Lands Department, which was settled through the issuance of shares.

b) The Group's related parties have novated a number of contracts for the acquisition and construction of property and equipment which were previously entered into by related parties on behalf of the Group. The novation process for all contracts is expected to be completed by the end of 2015.

c) On 31 December 2014, a related party has transferred to the Group "Vehicles" and "IT Equipment" [Note 14 (e)].

7. Investment properties

	Land AED'000	Capital work-in-progress AED'000	Total AED'000
Cost			
As at 1 January 2013	-	-	-
Additional cost incurred during the year	-	2,629	2,629
As at 31 December 2013	-	2,629	2,629
Additional cost incurred during the year	-	17,172	17,172
Contribution from the Ultimate Parent Company (a)	179,795	-	179,795
As at 31 December 2014	**179,795**	**19,801**	**199,596**

a) The investment property project is undertaken on land which the Group has the exclusive right to develop. On 20 October 2014, the Ultimate Parent Company leased to the Group the related plot of land with a fair market value of AED 180 million as assessed by the Dubai Lands Department, which was settled through issuance of shares. The plot of land has been leased to the Group for 50 years, which is automatically renewable for a further 49 years at nil consideration at the end of the lease term.

b) From 1 September 2014, the Group and its related parties have already novated a number of contracts for the acquisition and construction of investment properties which were previously entered into by related parties on behalf of the Group. The novation process for all contracts to the Group is expected to be completed by the end of 2015.

8. Advances to contractors and other receivables

	2014 AED'000	2013 AED'000
Advances to contractors	**220,208**	19,983
Prepayments	**148,716**	14
Interest receivable	**1,475**	-
	370,399	19,997

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

9. Other financial assets

Other financial assets include fixed deposits held by banks with maturity periods of more than three months from the dates of placement. These deposits earn interest rates ranging from 1% to 2% per annum.

10. Cash and cash equivalents

	2014 AED'000	2013 AED'000
Cash on hand	35	-
Bank balances:		
Call and current accounts	163,538	-
	163,573	-

Call accounts earn interest up to 1% per annum.

11. Share capital

a) Share capital comprises 6,321,827,708 authorised, issued and fully paid up shares of AED 1 per share. A total of 4,544,915,049 shares were issued for cash and the remaining 1,776,912,659 shares were issued to the Ultimate Parent Company for the land transferred and leased to the Company under a long-term renewable lease for an aggregate value of AED 896 million and for balances due to related parties amounting to AED 881 million. The Company is a subsidiary of the Ultimate Parent Company which owns 60% of the shares directly and indirectly through Meraas Leisure and Entertainment (LLC) (the "Intermediate Parent Company").

b) As at 31 December 2013, the individual share capital balances of entities within the Group have been aggregated to produce a combined share capital balance as at 31 December 2013.

	31 December 2013	
	Number of shares	Amount in AED'000
Dubai Parks and Resorts (LLC)	300	300
Motiongate (LLC)	300	300
Mgate Opeartions (LLC)	300	300
Dubai Parks Destination Management (LLC)	-	-
Bollywood Parks (LLC)	-	-
Dubai Parks Hotel (LLC)	-	-
River Park (LLC)	-	-
LL Dubai Theme Park (LLC)	-	-
LL Dubai Operations (LLC)	-	-
	900	900
Eliminations*	(300)	(300)
	600	600

*Eliminations due to cross holding within the Group as at 31 December 2013.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

12. Equity issue reserve

	As at 31 December 2014 AED'000
Initial public offering income collected amounting to AED 0.01 for each share	**63,218**
Less: Incorporation expenses incurred	**(59,482)**
	3,736

13. Bank facilities

The Company has undrawn bank facility agreements of AED 4.2 billion as at 31 December 2014.

14. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, and key management personnel.

a) The management decides on the terms and conditions of the transactions and of services received from/rendered to related parties as well as on other charges.

b) In 2012, Meraas Leisure and Entertainment (LLC), intermediate parent company of Dubai Parks and Resorts PJSC obtained an off balance sheet trade finance facility for AED 368 million from a bank on behalf of the Group (guaranteed by the Ultimate Parent Company). The facility pertains to letters of credit and guarantees to be issued in favour of the various suppliers in respect of the import of various products related to the theme park projects. While the Group is responsible for all liabilities in relation to the facility, the covenants are at the Ultimate Parent Company level. As at the reporting date, AED 97 million of letters of credit are outstanding.

   As at 31 December 2014, the facility is secured by the following:

   - Pledge over wakala deposit of a related party;
   - Assignment of existing cash flows from a project of a related party;
   - Negative pledge on theme park project assets; and
   - Assignment of all theme park projects related guarantees in favour of the bank.

c) Due to related parties amounting to AED 16.01 million (2013: AED 315.47 million) represents the amounts payable to the Ultimate Parent Company and its subsidiaries in respect of; i) payments to contractors and suppliers, and ii) transfer of assets to the Group [Note 14(e)].

d) The Ultimate Parent Company has charged general and administrative expenses to the Group based on the Group's policy on related party transactions (Note 16).

e) On 31 December 2014, a related party has transferred certain assets to the Group (Note 6).

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

15. Trade and other payables

	2014 AED'000	2013 AED'000
Trade payables and accruals	**541,262**	40,806
Retentions payable	**30,915**	13
Provision for end of service benefit	**2,440**	-
	574,617	40,819

a) Retentions payable represent amounts withheld in accordance with the terms of the contract when progress payments are made to the contractors.

b) Provision for employees' end of service indemnity is made in accordance with the UAE labour law, and is based on current remuneration and cumulative years of service at the reporting date.

16. General and administrative expenses

	2014 AED'000	2013 AED'000
Recharged expenses from a related party [Note 14(d)]	**8,672**	12,816
Salaries and other employee benefits	**10,751**	-
Professional and legal expenses	**142**	-
Rent	**692**	-
Other	**1,573**	-
	21,830	12,816

17. Basic and diluted loss per share

(a) Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2014	2013
Loss attributable to equity holders of the Company (in AED'000)	**(20,993)**	(12,816)
Number of shares in issue (in '000)*	**6,321,828**	6,321,828
Basic loss per share (in AED)	**(0.003)**	(0.002)

**The denominator for the purpose of calculating basic loss per share of 2013 has been adjusted to reflect the issuance of 6.3 billion shares in 2014.*

(b) Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2014, the Company did not have such dilutive ordinary shares.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

18. Commitments and contingent liabilities

(a) Commitments

Contracted-for commitments for the acquisition of services for the development and construction of assets classified under property and equipment and investment properties accounts amounted to AED 3.9 billion as at 31 December 2014 (31 December 2013: AED 513 million).

(b) Contingent liabilities

	2014 AED'000	2013 AED'000
Letters of credit	**97,086**	-

19. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the consolidated statement of financial position.

(b) Categories of financial instruments

	2014 AED'000	2013 AED'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**4,315,048**	-
Financial liabilities		
At amortised cost	**588,185**	356,286

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities at year-end approximate their carrying amounts at the reporting date.

20. Financial risk management

The Group's financial risk management policies set out the Group's overall business strategies and risk management philosophy. The Group's overall financial risk management program seeks to minimize potential adverse effects to the financial performance of the Group. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Group's activities in future periods will expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

20. Financial risk management (continued)

(a) Interest rate risk management

The Group's exposure to interest rate risk relates to its bank call accounts and other financial assets. The bank call accounts and other financial assets carry a rate of interest up to 1% - 2% per annum.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks registered in the U.A.E.

(c) Foreign currency risk management

At the reporting date, there were no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in United Arab Emirates Dirhams (AED) or United States Dollars (USD) to which the AED is fixed.

The exchange rate used in conversion of AED amounts to USD 1 is equivalent to AED 3.675.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding. The Group manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the expected maturity and the earliest date on which the Group is expected to receive for financial assets and to pay for financial liabilities. The table includes principal cash flows only.

	Interest rate %	Less than 1 year AED'000	2-5 years AED'000	Total AED'000
Financial assets				
2014				
Non-interest bearing financial assets	-	**35**	-	**35**
Interest bearing financial assets	**1 - 2**	**4,315,013**	-	**4,315,013**
		4,315,048	-	**4,315,048**
2013				
Non-interest bearing financial assets	-	-	-	-
Interest bearing financial assets	-	-	-	-
		-	-	-

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

20. Financial risk management (continued)

(d) Liquidity risk management (continued)

Liquidity risk tables (continued)

	Interest rate %	Less than 1 year AED'000	2-5 years AED'000	Total AED'000
Financial liabilities				
2014				
Non-interest bearing financial liabilities	-	**557,270**	**30,915**	**588,185**
2013				
Non-interest bearing financial liabilities	-	356,273	13	356,286

21. Capital management

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company. The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business; to provide returns for shareholders; and to optimise the capital structure to reduce the cost of capital. There are no externally imposed capital requirements on the Group.

To enable the Group to meet its objective, the Directors monitor capital through constant review of the Group's capital investment programme and through regular budgeting and planning processes.

22. Approval of the consolidated financial statements

The consolidated financial statements was approved by the Board of Directors and signed for issuance on 1 March 2015.