DXB ENTERTAINMENTS
DREAMS WITHOUT BOUNDARIES

DXB Entertainments PJSC and its Subsidiaries

Interim financial information and independent auditor's review report for the nine month period ended 30 September 2018

Sheikh Zayed Road, opposite the Palm Jebel Ali, Exit 5, Saih Shuaib
PO Box 33772, Dubai UAE Tel: +971 4 820 0820

DXB Entertainments PJSC and its Subsidiaries

Contents

	Pages
Report on review of interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated financial statements	6 – 24

Deloitte.

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
DXB Entertainments PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of DXB Entertainments PJSC (the "Company") and its subsidiaries (together the "Group") as at 30 September 2018 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and 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.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No. 1141
5 November 2018
Dubai
United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Condensed consolidated statement of financial position as at 30 September 2018

	Notes	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
ASSETS			
Property and equipment	6	**9,323,963**	9,409,289
Investment properties	7	**516,878**	535,643
Investment in a joint venture	8	**53,720**	17,429
Inventories	9	**28,281**	38,782
Due from related parties	10	**23,579**	34,054
Trade and other receivables	11	**165,620**	142,047
Derivative financial instruments	12	**110,743**	53,953
Other financial assets	13	**325,000**	650,000
Cash and bank balances	14	**1,556,834**	1,218,758
Total assets		**12,104,618**	12,099,955
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**7,999,913**	7,999,913
Convertible bond - equity component	16	**50,725**	-
Cash flow hedging reserve	12	**110,743**	53,953
Accumulated losses		**(2,488,735)**	(1,755,250)
Total equity		**5,672,646**	6,298,616
Liabilities			
Bank facilities	17	**3,930,711**	3,947,733
Trade and other payables	18	**1,581,032**	1,606,828
Convertible bond - liability component	16	**918,829**	-
Due to related parties	10	**1,400**	1,578
Loans from related parties	10	**-**	245,200
Total liabilities		**6,431,972**	5,801,339
Total equity and liabilities		**12,104,618**	12,099,955

Abdulwahab Al Halabi
Chairman

Mohamed Almulla
Chief Executive Officer and
Managing Director

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

Condensed consolidated statement of profit or loss and other comprehensive income for the nine month period ended 30 September 2018

	Notes	Three month period ended 30 September 2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	Nine month period ended 30 September 2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)
Revenue	20	**102,590**	115,175	**391,619**	394,654
Cost of sales		**(13,968)**	(12,984)	**(51,300)**	(49,777)
Gross profit		**88,622**	102,191	**340,319**	344,877
General, administrative and operating expenses	21	**(272,999)**	(309,027)	**(833,577)**	(979,575)
Marketing and selling expenses		**(17,005)**	(15,217)	**(66,577)**	(93,560)
Finance costs – net	22	**(75,826)**	(57,753)	**(207,677)**	(152,765)
Non-operating income / (expense) - net	23	**5,847**	(4,208)	**34,184**	19,378
Share of loss of a joint venture	8	**(37)**	(41)	**(157)**	(332)
Loss for the period		**(271,398)**	(284,055)	**(733,485)**	(861,977)
Other comprehensive income / (loss)					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge - gain / (loss) on fair value		**6,138**	7,790	**56,790**	(9,817)
Total comprehensive loss for the period		**(265,260)**	(276,265)	**(676,695)**	(871,794)
Loss per share:					
Basic and diluted loss per share (AED)	24	**(0.034)**	(0.036)	**(0.092)**	(0.108)

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

Condensed consolidated statement of changes in equity for the nine month period ended 30 September 2018

	Share Capital AED'000	Convertible bond – equity component AED'000	Cash flow hedging reserve AED'000	Accumulated losses AED'000	Total AED'000
As at 1 January 2017 (Audited)	7,999,913	-	37,121	(639,105)	7,397,929
Loss for the period	-	-	-	*(861,977)*	*(861,977)*
Other comprehensive loss for the period	-	-	*(9,817)*	-	*(9,817)*
Total comprehensive loss for the period	-	-	(9,817)	(861,977)	(871,794)
As at 30 September 2017 (Unaudited)	7,999,913	-	27,304	(1,501,082)	6,526,135
As at 1 January 2018 (Audited)	7,999,913	-	53,953	(1,755,250)	6,298,616
Convertible bond – equity component (Note 16)	-	*50,725*	-	-	*50,725*
Loss for the period	-	-	-	*(733,485)*	*(733,485)*
Other comprehensive income for the period	-	-	*56,790*	-	*56,790*
Total comprehensive income / (loss) for the period	-	-	56,790	(733,485)	(676,695)
As at 30 September 2018 (Unaudited)	**7,999,913**	**50,725**	**110,743**	**(2,488,735)**	**5,672,646**

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

Condensed consolidated statement of cash flows for the nine month period ended 30 September 2018

	Nine month period ended 30 September	
	2018	2017
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss for the period	**(733,485)**	(861,977)
Adjustments for:		
Depreciation of property and equipment and investment properties	**352,695**	356,525
Finance costs – net	**207,677**	152,765
Gain on transfer of land to a joint venture	**(17,034)**	-
Provision for doubtful debts	**6,487**	-
Provision for slow-moving inventory	**4,101**	-
Provision for employees' end-of-service indemnity	**2,966**	3,792
Share of loss of a joint venture	**157**	332
Gain on disposal of property and equipment	**(144)**	(32)
Operating cash flows before changes in working capital	**(176,580)**	(348,595)
Increase in trade and other receivables	**(40,913)**	(51,726)
Decrease / (increase) in inventories	**6,400**	(5,574)
Decrease / (increase) in due from related parties	**10,297**	(17,536)
Increase in trade and other payables, excluding project accruals	**40,264**	9,447
Net cash used in operations	**(160,532)**	(413,984)
Employees' end-of-service indemnity paid	**(1,890)**	(4,541)
Net cash used in operating activities	**(162,422)**	(418,525)
Cash flows from investing activities		
Decrease in other financial assets	**325,000**	989,527
Additions to property and equipment, net of project accruals	**(312,549)**	(904,988)
Interest received	**22,355**	23,685
Additions to investment properties, net of project accruals	**(1,537)**	(4,846)
Proceeds from disposal of property and equipment	**359**	32
Investment in a joint venture	**-**	(17,943)
Net cash generated by investing activities	**33,628**	85,467
Cash flows from financing activities		
Proceeds from convertible bond issued	**540,000**	-
Payment for finance costs	**(207,770)**	(170,592)
Proceeds of loan from related parties	**150,000**	245,200
Increase in restricted cash	**(80,991)**	(17,314)
Payment for finance lease	**(15,360)**	(46,080)
Proceeds from bank facilities, net of repayment	**-**	764,883
Net cash generated by financing activities	**385,879**	776,097
Net increase in cash and cash equivalents	**257,085**	443,039
Cash and cash equivalents at the beginning of the period (Note 14)	**1,010,134**	1,344,113
Cash and cash equivalents at the end of the period (Note 14)	**1,267,219**	1,787,152
Non-cash transaction:		
Transfer of land to a joint venture	**36,448**	-

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

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018

1. General information

DXB Entertainments PJSC (the "Company") was originally formed as a limited liability company with commercial license number 673692 and was established on 11 July 2012. On 9 December 2014, approval from the Ministry of Economy was obtained and the Company was converted to a Public Joint Stock Company (PJSC) in accordance with UAE Federal Commercial Companies Law No. 8 of 1984, as replaced by UAE Federal Law No. 2 of 2015 ("Companies Law").

The Company is a subsidiary of Meraas Leisure and Entertainment LLC (the "Parent Company") and ultimately owned by Meraas Holding LLC (the "Ultimate Parent Company").

The registered address of the Company is P.O. Box 33772, Dubai, United Arab Emirates ("UAE").

The licensed activities of the Company and its subsidiaries (collectively the "Group") are investment in commercial enterprises and management, real estate development, amusement parks, investment in and management of tourist enterprises and sport and recreational events, tickets e-trading, marketing management, facilities management services and event management.

The condensed consolidated financial statements include the following subsidiaries:

Name of subsidiary	Place of Incorporation	Date of Incorporation	Percentage of ownership		Principal Activity
			Legal	Beneficial	
Motiongate (LLC)	Dubai, UAE	18 March 2013	99%	100%	Theme park development
Mgate Operations (LLC)*	Dubai, UAE	8 April 2013	100%	100%	Amusement park
Dubai Parks Destination Management (LLC)	Dubai, UAE	25 August 2014	99%	100%	Ticket selling / marketing management
Bollywood Parks (LLC)	Dubai, UAE	25 August 2014	99%	100%	Theme park development
Dubai Parks Hotel (LLC)	Dubai, UAE	25 August 2014	99%	100%	Five-star hotel
River Park (LLC)	Dubai, UAE	25 August 2014	99%	100%	Leasing & management of self-owned Property
LL Dubai Theme Park (LLC)	Dubai, UAE	7 September 2014	99%	100%	Theme park development
LL Dubai Operations (LLC)**	Dubai, UAE	14 October 2014	100%	100%	Amusement park
BWP Operations (LLC)***	Dubai, UAE	25 March 2015	100%	100%	Amusement park
SF Dubai (LLC)	Dubai, UAE	21 May 2015	99%	100%	Theme park development
Do Trips (LLC)****	Dubai, UAE	29 May 2016	100%	100%	Travel agent
DXB Project & Management Services (LLC)	Dubai, UAE	5 April 2016	99%	100%	Project management services

* Subsidiary of Motiongate (LLC)
** Subsidiary of LL Dubai Theme Park (LLC)
*** Subsidiary of Bollywood Parks (LLC)
**** Subsidiary of Dubai Parks Destination Management (LLC)

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these condensed consolidated financial statements.

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 28 *Investment in Associates and Joint Ventures.*

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration:* The interpretation addresses foreign currency transactions or parts of transactions where:

  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary.

- Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.

Notes to the condensed consolidated financial statements
for the nine month period ended 30 September 2018 (continued)

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

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

- Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

- Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9 *Financial Instruments*.

- IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 *Financial Instruments*.

- IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

  Classification and measurement:

  All financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

  Impairment

  The adoption of IFRS 9 requires the Group to account for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach.

  Financial assets measured at amortised cost, such as trade and other receivables and deposits are subject to the impairment provisions of IFRS 9. IFRS 9 requires the Group to record a provision for ECLs.

  ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

  For trade and other receivables, the Group applies standard's simplified approach and calculate ECLs based on lifetime expected credit losses.

  For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the provision will be based on the lifetime ECL.

  Management believes that the application of the ECL model of IFRS 9 will not result in earlier recognition of credit losses.

  Hedge accounting

  The Group applied hedge accounting prospectively. At the date of the initial application, all the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire interest rate swap in the Group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact.

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	*Effective for annual periods beginning on or after*
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.	1 January 2019
Annual Improvements to IFRS Standards 2015 - 2017 Cycle amending IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*.	1 January 2019
Amendments to IFRS 9 *Financial Instruments*: Relating to prepayment features with negative compensation. This 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.	1 January 2019
IFRS 16 *Leases:* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures. These amendments clarify 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.	1 January 2019
Amendments to References to the Conceptual Framework in IFRS Standards amending IFRS 2 *Share-based payments*, IFRS 3 *Business Combinations*, IFRS 6 *Exploration for and Evaluation of Mineral Resources*, IFRS 14 *Regulatory Deferral Accounts*, IAS 1 *Presentation of Financial Statements*, IAS 8 *Accounting Policies, Changes in Accounting Estimates*, IAS 34 *Interim Financial Reporting*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, IAS 38 *Intangible Assets*, IFRIC 12 *Service Concession Arrangements*, IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*, IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*, IFRIC 22 *Foreign Currency Transactions and Advance Considerations*, and SIC-32 *Intangible Assets*.	1 January 2020
IFRS 17 Insurance Contracts: IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	1 January 2021

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 16, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application. Management anticipates that IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2019.

3. Summary of significant accounting policies

Statement of compliance

These condensed consolidated financial statements of the Group are prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the IASB and comply with the applicable requirements of the laws in U.A.E.

Basis of preparation

The condensed consolidated financial statements of the Group have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value. The interim financial information does not include all the information required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017. In addition, results for the period from 1 January 2018 to 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

As required by the Securities and Commodities Authority of the UAE (SCA) Notification No. 2624/2008 dated 12 October 2008, significant accounting policies have been disclosed in these condensed consolidated financial statements. The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2017.

Going concern

The condensed consolidated financial statements of the Group have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities for a period at least 12 months from the date of signing of the condensed consolidated financial statements. During the current period, the Group incurred a net loss of AED 733 million (30 September 2017: AED 862 million) and had outstanding bank borrowings of AED 3,931 million (31 December 2017: AED 3,948 million) as at that date. The following have been considered by management in determining the appropriateness of the going concern basis of preparation in the condensed consolidated financial statements:

(i) The Group's detailed strategic business plan was approved by the Board of Directors ('Board') during the year ended 31 December 2017, including the impact of the debt realignment and proceeds from a convertible bond issuance; and
(ii) During the period ended 30 September 2018, the Group has realigned its syndicated facility for phase I with its financiers resulting in a 3-year moratorium on principal repayments and covenant testing.

During the period ended 30 September 2018, the Group reached an agreement with its Ultimate Parent Company and Parent Company to issue in its favour an AED 1.2 billion convertible bond which was approved at the General Assembly on 25 April 2018. Under this agreement, the existing subordinated shareholders loan ("SSL") facility of AED 700 million was cancelled and incorporated into the convertible bond. On 12 June 2018, the Group issued the first tranche of the convertible bond amounting to AED 682 million comprising of AED 412 million under the SSL facility including interest thereon and additional cash proceeds of AED 270 million. On 20 September 2018, the second tranche of the convertible bond was issued for AED 270 million (Note 16).

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

3. Summary of significant accounting policies (continued)

Going concern (continued)

Based on these factors management's opinion is that no asset is likely to be realised for an amount less than the amount at which it is recorded in the condensed consolidated financial statements as at 30 September 2018. Accordingly, no adjustments have been made to the condensed consolidated financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities except for those contained in these condensed consolidated financial statements.

Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (including its Subsidiaries). 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 nine 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 are included in the condensed consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in 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.

Revenue recognition

The Group recognises revenue, based on the five-step model as set out in IFRS 15:

Step 1 - Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 - Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 - Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue when one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all its revenue arrangements.

Revenue is recognised in the condensed consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

Revenue represents the amounts received from customers for admission tickets, accommodation, food and beverage sales, merchandising, retail and rental income and sponsorship.

Admission revenue

Admission revenue related to theme park ticket sales is recognised when the tickets are used. Revenues from annual passes are recognised over a period of one year from the date of first use.

Accommodation revenue

Accommodation revenue is recognised when the rooms are occupied net of applicable discounts and municipality fees.

Sale of food and beverage and merchandise

Sale of food and beverage and merchandise is recognised when goods are sold.

Lease rental income

Lease rental income from operating leases is recognised over a period of one lease year. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives is recognised as a reduction of rental income over that lease year.

Sponsorship income

Sponsorship income is recognised on a straight-line basis over the term of the contract.

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 property

Investment properties comprise properties held to earn rentals (including properties under construction for such purposes). Investment properties are measured initially at cost, including related transaction costs, less accumulated depreciation and any accumulated impairment losses. No depreciation is charged on land and investment properties under construction.

Depreciation is charged so as to write-off the cost of investment property, 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
Land	No depreciation
Building, infrastructure and other equipment	5 - 40

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

3. Summary of significant accounting policies (continued)

Investment property (continued)

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 the condensed consolidated statement of profit or loss and other comprehensive income 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 condensed consolidated statement of profit or loss and other comprehensive income in the year/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.

Property and equipment

Property and equipment comprise of land, building and infrastructure, vehicles, IT and other equipment, furniture and fixtures, rides and attractions 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 condensed consolidated statement of profit or loss and other comprehensive income 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
Land	No depreciation
Building and infrastructure	5 - 40
IT and other equipment	3 - 25
Rides and attractions	5 - 40
Furniture and fixtures	3 - 25
Vehicles	3 - 4

Assets held under finance leases are depreciated over their expected useful life on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of lease terms, assets are depreciated over shorter of the lease term and their useful lives.

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.

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

3. Summary of significant accounting policies (continued)

Property and equipment (continued)

Capital work-in-progress

Capital work-in-progress includes projects 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 year when activities that are necessary to make the assets ready for their intended use are in progress. These projects are classified as capital work-in-progress until construction or development is completed. Direct costs from the start of the project up to completion are capitalised. No depreciation is charged on capital work-in-progress.

Classification of properties

Management determines at the time of acquisition or construction of the property, whether the property should be classified as investment property or property and equipment. 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 and equipment when the intention is to use the property for its operations.

Investments in a joint venture

A joint venture is a joint arrangement whereby parties have joint control and rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control for an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in a joint venture is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit and loss and other comprehensive income in the joint venture.

Profits and losses resulting from transactions between the Group and its joint venture are recognised in the Group's condensed consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the condensed consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the inception of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down and the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment and amortised over the period of the facility to which it relates.

Borrowing / finance costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price for inventories less estimated costs of completion and cost necessary to make the sale. Write-down of inventories to net realisable value is recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

Convertible bond

The convertible bond is denominated in AED and is classified as a compound financial instrument that can be converted to ordinary shares at the option of the holder. The convertible bond is separated into liability and equity components based on the terms of the bond.

At issuance, the fair value of liability component is determined by discounting the future cashflows pertaining to the coupon payments using the estimated market interest rate. The residual balance is allocated to the equity component and recognised as a separately under equity.

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

3. Summary of significant accounting policies (continued)

Convertible bond (continued)

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured until maturity.

On conversion at maturity, the liability and equity components are reclassified to equity at the par value of ordinary shares issued under the share capital and any surplus recognised under equity.

Interest related to the financial liability is recognised in condensed consolidated statement of profit or loss and other comprehensive income. Transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

4. Critical accounting judgment and key sources of estimation uncertainty

The preparation of the Group's condensed consolidated financial statements requires management to make judgment, 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.

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 estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

Impairment of assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the higher of, the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate, and the assets' fair value less costs to sell. Management has assessed that the lowest cash generating units for the purposes of impairment testing are "Theme Parks" and "Retail and hospitality".

For the purposes of determining whether an impairment has occurred the key assumptions management uses in calculating risk adjusted future cash flows for value-in-use measures are future tourism projections and related capture rates, expected pricing adjustments, revenue margins and overall cost margins.

These assumptions form the basis of the Group's ten-year strategic business plan. As with all assumptions these are the judgements of management based on available data and information as at the time of preparation and are subject to change based on economic and trading conditions.

The estimates and assumptions used in assessing 2017 annual impairment of assets remain materially unchanged as at 30 September 2018. The recoverable amount is assessed to be in excess of the carrying amount and accordingly no impairment is recorded.

Estimated useful lives of property and equipment and investment properties

The asset's residual values and useful lives are reviewed at the reporting date and adjusted if appropriate, taking into account technological developments. Uniform depreciation rates are established based on the straight-line method which may not represent the actual usage of the assets. 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.

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 currently determines and presents financial information as a single operating segment based on the information that is provided internally to management for decision making.

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

6. Property and equipment

	Land AED'000	Building and infrastructure AED'000	IT and other equipment * AED'000	Rides and attractions AED'000	Furniture and fixtures AED'000	Vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
Cost								
As at 1 January 2017	1,168,573	5,977,815	1,092,404	1,034,485	96,584	5,732	126,728	9,502,321
Additions during the year	-	-	28,743	3,121	1,111	5,338	287,704	326,017
Disposal	-	-	(43)	-	-	(4,422)	-	(4,465)
Transfer from investment properties	9,337	63,741	6,162	-	-	-	-	79,240
As at 31 December 2017	1,177,910	6,041,556	1,127,266	1,037,606	97,695	6,648	414,432	9,903,113
Additions during the period	-	128	2,798	1,664	2,447	2,964	258,232	268,233
Transfer to a joint venture	(19,414)	-	-	-	-	-	-	(19,414)
Transfer from / (to) investment properties	-	6,342	(4,600)	-	1,536	-	-	3,278
Disposal during the period	-	-	-	-	-	(795)	-	(795)
Reclassification	-	(44,727)	31,862	17,442	15,334	(3,880)	(16,031)	-
As at 30 September 2018	**1,158,496**	**6,003,299**	**1,157,326**	**1,056,712**	**117,012**	**4,937**	**656,633**	**10,154,415**
Accumulated depreciation								
As at 1 January 2017	-	10,909	18,270	2,735	3,208	2,186	-	37,308
Charge for the year	-	221,179	147,549	71,790	15,318	2,430	-	458,266
Disposal	-	-	(43)	-	-	(2,206)	-	(2,249)
Transfer from investment properties	-	357	142	-	-	-	-	499
As at 31 December 2017	-	232,445	165,918	74,525	18,526	2,410	-	493,824
Charge for the period	-	163,966	110,122	52,232	9,847	882	-	337,049
Transfer from / (to) investment properties	-	79	(418)	-	498	-	-	159
Disposal during the period	-	-	-	-	-	(580)	-	(580)
Reclassification	-	7,734	12,184	(19,771)	(147)	-	-	-
As at 30 September 2018	**-**	**404,224**	**287,806**	**106,986**	**28,724**	**2,712**	**-**	**830,452**
Carrying amount At 30 September 2018	**1,158,496**	**5,599,075**	**869,520**	**949,726**	**88,288**	**2,225**	**656,633**	**9,323,963**
At 31 December 2017	1,177,910	5,809,111	961,348	963,081	79,169	4,238	414,432	9,409,289

* IT and other equipment includes certain right-of-use-assets held under finance lease [Note 25 (c)].

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

7. Investment properties

	Land AED'000	Building, infrastructure and other equipment * AED'000	Total AED'000
Cost			
As at 1 January 2017	117,665	519,838	637,503
Transfer to property and equipment	(9,337)	(69,903)	(79,240)
As at 31 December 2017	108,328	449,935	558,263
Transfer to property and equipment	-	(3,278)	(3,278)
As at 30 September 2018	**108,328**	**446,657**	**554,985**
Accumulated depreciation			
As at 1 January 2017	-	3,730	3,730
Charge for the year	-	19,389	19,389
Transfer to property and equipment	-	(499)	(499)
As at 31 December 2017	-	22,620	22,620
Charge for the period	-	15,646	15,646
Transfer to property and equipment	-	(159)	(159)
As at 30 September 2018	**-**	**38,107**	**38,107**
Carrying amount			
At 30 September 2018	**108,328**	**408,550**	**516,878**
At 31 December 2017	108,328	427,315	535,643

* Building, infrastructure and other equipment includes certain right-of-use-assets held under finance lease [Note 25 (c)].

8. Investment in a joint venture

During 2017, the Group subscribed to 60% in the share capital of LL Dubai Hotel LLC ('Legoland Hotel'). Details of the investment are as follows:

Name	Nature of Business	Country of Incorporation	% Interest held	Measurement method
LL Dubai Hotel LLC	Leisure and Hospitality	United Arab Emirates	60%	Equity

Movement in the investment is as follows:

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
At 1 January	**17,429**	-
Transfer of land to the joint venture	**36,448**	-
Share of losses recognised during the period/year	**(157)**	(514)
Cash investment in the joint venture	**-**	17,943
	53,720	17,429

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

9. Inventories

	30 September 2018 AED'000	31 December 2017 AED'000
Merchandise and other operating inventory	**32,382**	38,782
Provision for slow-moving inventory	**(4,101)**	-
	28,281	38,782
Movement in provision for slow-moving inventory		
As at 1 January	**-**	-
Provision made during the period/year	**4,101**	-
	4,101	-

10. Related party transactions

Related parties comprise entities under common ownership and / or common management and control, and key management personnel as defined in International Accounting Standard 24 *Related Party Disclosures.*

The following balances are outstanding as at the reporting date:

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Due from related parties		
Due from Parent Company	**16,144**	28,570
Due from a joint venture	**6,987**	5,114
Due from subsidiaries of Parent Company	**448**	370
	23,579	34,054
Due to related parties		
Due to joint ventures of Parent Company	**1,400**	1,578

a) The Group enters into related party transactions on an arm's length basis and in the ordinary course of business. Amounts due from / to related parties do not bear any interest. Certain outstanding balances have no agreed repayment terms, accordingly, they are considered receivable / payable on demand and classified as current assets / liabilities.

b) Amounts due from Parent Company amounting to AED 16 million (31 December 2017: AED 29 million) relates to receivable for project management services performed by the Group.

c) During the period ended 30 September 2018, the Group transferred land to its investment in the joint venture at a fair value of AED 62 million.

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Loans from related parties		
Loan from Ultimate Parent Company	**-**	2,452
Loan from Parent Company	**-**	242,748
	-	245,200

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

10. Related party transactions (continued)

(i) During 2017, the Group secured an AED 700 million SSL facility from its Ultimate Parent Company and Parent Company of which AED 245 million was drawn down in September 2017 and AED 150 million in March 2018 for the purposes of funding working capital, meeting capital expenditure and debt service. The SSL and related interest were subordinated to the Group's existing term loans and thereafter were payable on demand subject to certain provisions of the existing term loan agreement. The SSL facility carried a fixed interest rate charge of 8% per annum.

(ii) During the period ended 30 September 2018, the SSL facility was cancelled and incorporated into the convertible bond (Note 16). The existing outstanding balance on SSL and accrued interest of AED 17 million thereon were accordingly included in the convertible bond.

Key management remuneration

The key management remuneration during the period was as follows:

	Nine month period ended 30 September	
	2018	2017
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Short term benefits	**9,552**	9,619
Long term benefits	**215**	289
	9,767	9,908

11. Trade and other receivables

	30 September 2018	31 December 2017
	AED'000	AED'000
	(Unaudited)	(Audited)
Trade receivables	**49,573**	25,501
Provision for doubtful debts	**(6,487)**	-
	43,086	25,501
Advances to contractors	**42,528**	43,524
Prepayments and other receivables	**78,047**	72,433
Interest receivable	**1,959**	589
	165,620	142,047
Movement in provision for doubtful debts		
As at 1 January	**-**	-
Provision made during the period/year	**6,487**	-
	6,487	-

(i) Trade receivables include amounts that are past due at the reporting date for which the Group has recognised a provision for doubtful debts in line with Group's accounting policy.

(ii) The Group does not have any exposure against Abraaj Group.

12. Derivative financial instruments

	30 September 2018 (Unaudited)	
	Positive fair value AED'000	**Notional amount AED'000**
Interest rate swaps	**110,743**	**2,922,178**

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

12. Derivative financial instruments (continued)

	31 December 2017 (Audited)	
	Positive fair value AED'000	Notional amount AED'000
Interest rate swaps	53,953	2,997,812

The Group entered into interest rate swaps ('IRS') for the term loan denominated in USD. These IRS have been designated as hedging instruments and are categorised as level 3 IRS as one or more of the significant inputs are not based on observable market data.

13. Other financial assets

Other financial assets include fixed deposits amounting to AED 325 million (31 December 2017: AED 650 million) held by banks with maturity periods of more than three months from the reporting date. The fixed deposits earned interest rates ranging from 2% to 3% per annum during the period.

14. Cash and bank balances

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Cash on hand	**3,091**	3,387
Cash at bank	**1,553,743**	1,215,371
	1,556,834	1,218,758
Less: Restricted cash	**(289,615)**	(208,624)
Cash and cash equivalents	**1,267,219**	1,010,134

Cash at bank includes call accounts that earn interest up to 1% per annum. The short-term deposits held by banks with maturity periods of less than three months earn average interest rates ranging from 2% to 3% (31 December 2017: 2% to 3%) per annum. Restricted cash includes reserves held to service debt as per the requirement of the term loans and cash margins placed with banks for issuing letter of credit facilities.

15. Share capital

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Authorised capital 12,643,655,416 shares of AED 1 each (31 December 2017: 12,643,655,416 shares of AED 1 each)	**12,643,655**	12,643,655
Issued and fully paid-up 7,999,912,670 shares of AED 1 each (31 December 2017: 7,999,912,670 shares of AED 1 each)	**7,999,913**	7,999,913

16. Convertible bond

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Carrying value of SSL and accrued interest at issue date	**412,004**	-
Proceeds from issuance of convertible bond	**540,000**	-
	952,004	-
Less: Residual value of equity component	**(50,725)**	-
Add: Accrued interest	**17,550**	-
Carrying amount of liability component	**918,829**	-

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

16. Convertible bond (continued)

During the period ended 30 September 2018, the Group reached an agreement with its Ultimate Parent Company and Parent Company to issue an AED 1.2 billion convertible bond which was approved at the General Assembly on 25 April 2018. Under the agreement, the existing SSL outstanding balance including accrued interest was incorporated into the convertible bond.

On 12 June 2018, the Group issued the first tranche of the convertible bond amounting to AED 682 million comprising AED 412 million under the SSL facility including accrued interest thereon and additional cash proceeds of AED 270 million. On 20 September 2018, the second tranche of the convertible bond was issued for AED 270 million. The convertible bond has a maturity date of 30 September 2026 and carries a coupon of 8 per cent per annum compounded quarterly. The bond is convertible at the option of the holder at a strike price of AED 1.04 per share from the period beginning 1 January 2021 and ending on 31 December 2024. The conversion period is extendable for a period of 12 months upon expiry in the event that the trailing 12-month volume weighted average price of the Company's share is less than AED 1.04.

17. Bank facilities

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Term loans	**4,158,026**	4,158,026
Gross borrowing costs	**309,457**	271,516
Less: Cumulative amortisation	**(82,142)**	(61,223)
Un-amortised borrowing costs	**227,315**	210,293
Carrying amount	**3,930,711**	3,947,733

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Later than 1 year and not longer than 2 years	**-**	230,220
Later than 2 years and not longer than 5 years	**731,236**	1,269,312
Later than 5 years	**3,426,790**	2,518,120
Amounts due for settlement after 12 months	**4,158,026**	4,017,652
Amounts due for settlement within 12 months	**-**	140,374
	4,158,026	4,158,026

Term loans

a) The Group has available bank facilities of AED 5.2 billion (31 December 2017: AED 5.2 billion) in the form of term loans of which AED 4.2 billion was utilised as at 30 September 2018 (31 December 2017: AED 4.2 billion).

b) The term loan in respect of the Phase I development of AED 4.2 billion has been fully drawn and has a maturity date of 30 September 2026. During the period ended 30 September 2018, the Group received a 3-year moratorium on principal repayments and covenant testing with no change in interest rate from its Phase I syndicated term loan financiers. Subsequent to re-alignment the Phase I principal quarterly repayments will commence from March 2021.

c) The AED 1 billion term loan in respect of Phase II is repayable in quarterly instalments commencing in 2019 and maturing in 2027. The utilised portion of the term loans carry interest at LIBOR + 3.5% and EIBOR + 3.15% per annum respectively (31 December 2017: LIBOR + 3.5% and EIBOR + 3.15% per annum). The Phase II term loan is fully unutilised as at the reporting date.

d) The syndicated facilities are secured by a range of mortgages over property owned by the Group, assignments of certain contracts, certain rights to receivables and pledges over certain bank accounts and deposits.

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

17. Bank facilities (continued)

Letters of credit

As at 30 September 2018, the Group has letters of credit facility amounting to AED 200 million (31 December 2017: AED 228 million) and outstanding letters of credit amounting to AED 95 million (31 December 2017: AED 1 million). The letters of credit are secured by way of:

- Pledge over Wakala deposits; and
- 100% cash margin.

18. Trade and other payables

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Trade payables	**259,889**	218,908
Accrued expenses	**463,507**	517,607
Retentions payable	**383,112**	378,607
Obligations under finance leases [Note 25 (c)]	**271,438**	303,246
Rental and other advances	**38,446**	31,890
Deferred revenue	**41,810**	45,296
Employees' end-of-service indemnity [Note 19]	**6,429**	5,280
Other liabilities	**116,401**	105,994
	1,581,032	1,606,828

Included in accrued expenses are costs incurred on capital work-in-progress amounting to AED 0.3 billion (31 December 2017: AED 0.3 billion) but have not yet been certified as at the reporting date.

19. Provision for employees' end of service indemnity

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Balance at the beginning of the period/year	**5,280**	5,579
Charge for the period/year	**3,039**	6,825
Amounts paid during the period/year	**(1,890)**	(6,275)
Transfer to a related party during the period/year	**-**	(849)
Balance at the end of the period/year	**6,429**	5,280

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.

20. Revenue

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	**2018 AED'000 (Unaudited)**	2017 AED'000 (Unaudited)
Admission revenue	**41,397**	36,443	**165,818**	176,340
Sponsorship	**17,932**	20,586	**53,228**	47,415
Food and beverage	**16,118**	16,604	**59,726**	50,466
Accommodation revenue	**13,094**	10,139	**45,594**	24,807
Merchandise	**7,391**	10,666	**30,613**	37,782
Lease revenue	**2,723**	5,009	**16,686**	17,968
Management fees	**1,288**	3,750	**3,863**	3,750
Project management revenue	**-**	9,340	**-**	20,372
Other	**2,647**	2,638	**16,091**	15,754
	102,590	115,175	**391,619**	394,654

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

21. General, administrative and operating expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	**2018 AED'000 (Unaudited)**	2017 AED'000 (Unaudited)
Salaries and other employee benefits *	**71,569**	91,812	**223,384**	306,305
Depreciation [Note 6 and 7]	**114,471**	120,994	**352,695**	356,525
Utility charges	**27,048**	29,048	**70,476**	81,718
Management and royalty fees	**13,841**	12,245	**43,202**	41,985
Repairs and maintenance	**11,591**	10,912	**39,868**	42,889
Supplies, communication and IT expenses	**8,553**	16,309	**28,238**	55,117
Rent expense	**8,423**	9,767	**29,358**	33,381
Provision for slow-moving inventory	**4,101**	-	**4,101**	-
Provision for doubtful debts	**2,392**	-	**6,487**	-
Travel expense	**2,379**	4,022	**7,650**	15,394
Security expense	**2,310**	4,454	**8,337**	13,205
Insurance expense	**1,668**	2,247	**4,962**	6,550
Other	**4,653**	7,217	**14,819**	26,506
	272,999	309,027	**833,577**	979,575

* Pension contribution for U.A.E. citizens are made by the Group in accordance with Federal Law No. 7 of 1999.

22. Finance costs - net

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	**2018 AED'000 (Unaudited)**	2017 AED'000 (Unaudited)
Interest expense				
Interest on loans	**(71,169)**	(54,228)	**(193,568)**	(151,665)
Interest on finance lease	**(4,586)**	(5,259)	**(14,272)**	(16,258)
Amortisation of borrowing costs	**(8,354)**	(6,691)	**(23,562)**	(19,258)
	(84,109)	(66,178)	**(231,402)**	(187,181)
Interest income				
Interest on deposits	**8,283**	8,425	**23,725**	34,416
	(75,826)	(57,753)	**(207,677)**	(152,765)

23. Non-operating income / (expense) - net

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	**2018 AED'000 (Unaudited)**	2017 AED'000 (Unaudited)
Gain on transfer of land to a joint venture	**-**	-	**17,034**	-
Reimbursement of rebates	**1,338**	3,534	**5,612**	3,534
Employee related (provisions) / reversals	**(568)**	(9,447)	**(1,796)**	3,920
Release of deferred liability	**5,077**	5,077	**15,231**	15,231
Other non-operating expense	**-**	(3,372)	**(1,897)**	(3,307)
	5,847	(4,208)	**34,184**	19,378

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

24. Basic and diluted loss per share

Basic and diluted 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 period.

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)	**2018 (Unaudited)**	2017 (Unaudited)
Loss attributable to equity holders of the Company (in AED '000)	**(271,398)**	(284,055)	**(733,485)**	(861,977)
Weighted average number of shares (in '000)				
Outstanding at the beginning of the period	**7,999,913**	7,999,913	**7,999,913**	7,282,704
Issue of new shares	**-**	-	**-**	717,209
Outstanding at the end of the period	**7,999,913**	7,999,913	**7,999,913**	7,999,913
Basic and diluted loss per share (in AED)	**(0.034)**	(0.036)	**(0.092)**	(0.108)

The Company does not have any instruments which have a dilutive impact on loss per share when exercised.

25. Commitments and contingent liabilities

(a) Commitments

Commitments for services received in relation to development and construction of assets classified under property and equipment and investment properties amounted to AED 0.8 billion as at 30 September 2018 (2017: AED 0.7 billion).

(b) Operating lease rentals - Group as a Lessee

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Not later than 1 year	**25,000**	40,000
Later than 1 year and not longer than 5 years	**-**	15,000
	25,000	55,000

(c) Finance lease rentals - Group as a Lessee

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
	30 September 2018 AED'000	31 December 2017 AED'000	**30 September 2018 AED'000**	31 December 2017 AED'000	**30 September 2018 AED'000**	31 December 2017 AED'000
Not later than 1 year	**61,440**	61,440	**16,564**	18,683	**44,876**	42,757
Later than 1 year and no longer than 5 years	**245,760**	245,760	**34,312**	44,294	**211,448**	201,466
Later than 5 years	**15,360**	61,440	**246**	2,417	**15,114**	59,023
	322,560	368,640	**51,122**	65,394	**271,438**	303,246

Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018 (continued)

25. Commitments and contingent liabilities (continued)

(d) Operating lease rentals - Group as a Lessor

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Not later than 1 year	**26,841**	32,584
Later than 1 year and not longer than 5 years	**41,876**	65,647
	68,717	98,231

(e) Contingent liabilities

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Letters of credit	**94,598**	1,018

26. Fair value of financial instruments

As at the reporting date, the financial instruments of the Group are classified at amortised cost. The carrying value of the financial assets and financial liabilities also approximate their fair value. The Group does not have any financial instruments being classified at fair value as at the reporting date except for derivative financial instruments.

27. Reclassification

Certain comparative figures have been reclassified to improve the quality of information previously presented. The reclassification does not have any effect on the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cashflows.

28. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and signed for issuance on 5 November 2018.