DXB ENTERTAINMENTS
DREAMS WITHOUT BOUNDARIES

DXB Entertainments PJSC and its Subsidiaries

Unaudited interim condensed consolidated financial statements

For the period ended 31 March 2019

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For the period ended 31 March 2019

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

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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 31 March 2019 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three 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
13 May 2019
Dubai
United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), 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 31 March 2019

	Notes	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
ASSETS			
Property and equipment	6	**8,034,877**	8,087,357
Investment properties	7	**506,937**	511,908
Investment in a joint venture	8	**53,618**	53,668
Inventories	9	**21,999**	23,242
Due from related parties	10	**20,044**	19,982
Trade and other receivables	11	**170,229**	158,813
Derivative financial instruments	12	**44,001**	71,165
Cash and bank balances	13	**1,609,031**	1,782,610
Total assets		**10,460,736**	10,708,745
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**7,999,913**	7,999,913
Convertible bond – equity component	15	**65,717**	65,717
Cash flow hedging reserve	12	**44,001**	71,165
Accumulated losses		**(4,527,858)**	(4,312,151)
Total equity		**3,581,773**	3,824,644
Liabilities			
Bank facilities	16	**3,947,807**	3,940,804
Trade and other payables	17	**1,714,243**	1,751,967
Convertible bond – liability component	15	**1,215,513**	1,189,930
Due to related parties	10	**1,400**	1,400
Total liabilities		**6,878,963**	6,884,101
Total equity and liabilities		**10,460,736**	10,708,745

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 three month period ended 31 March 2019

	Notes	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Revenue	19	**142,407**	173,183
Cost of sales	20	**(12,557)**	(21,489)
Gross profit		**129,850**	151,694
General, administrative and operating expenses	21	**(240,719)**	(273,866)
Marketing and selling expenses		**(15,272)**	(25,992)
Finance costs (net)	22	**(92,930)**	(69,608)
Non-operating income (net)	23	**3,414**	7,394
Share of loss of a joint venture	8	**(50)**	(44)
Loss for the period		**(215,707)**	(210,422)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Cash flow hedge – (loss) / gain on fair value		**(27,164)**	41,182
Total comprehensive loss for the period		**(242,871)**	(169,240)
Loss per share:			
Basic and diluted loss per share (AED)	24	**(0.027)**	(0.026)
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	25	**(19,058)**	(21,110)

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

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

	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 2018 (Audited)	7,999,913	-	53,953	(1,755,250)	6,298,616
Loss for the period (Note 29)	-	-	-	*(210,422)*	*(210,422)*
Other comprehensive income for the period	-	-	*41,182*	-	*41,182*
Total comprehensive income / (loss) for the period	-	-	41,182	(210,422)	(169,240)
As at 31 March 2018 (Unaudited)	7,999,913	-	95,135	(1,965,672)	6,129,376
As at 1 January 2019 (Audited)	7,999,913	65,717	71,165	(4,312,151)	3,824,644
Loss for the period	-	-	-	*(215,707)*	*(215,707)*
Other comprehensive loss for the period	-	-	*(27,164)*	-	*(27,164)*
Total comprehensive loss for the period	-	-	(27,164)	(215,707)	(242,871)
As at 31 March 2019 (Unaudited)	**7,999,913**	**65,717**	**44,001**	**(4,527,858)**	**3,581,773**

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

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

	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Cash flows from operating activities		
Loss for the period	**(215,707)**	(210,422)
Adjustments for:		
Depreciation of property and equipment and investment properties	**101,737**	121,669
Finance costs – net	**92,930**	69,608
Provision for doubtful debts	**4,462**	-
Provision for employees' end-of-service indemnity	**750**	968
Share of loss of a joint venture	**50**	44
Reversal of provision for slow-moving inventory	**(38)**	-
Gain on disposal of property and equipment	**-**	(144)
Operating cash flows before changes in working capital	**(15,816)**	(18,277)
Increase in trade and other receivables	**(19,574)**	(30,347)
Decrease in inventories	**1,281**	3,428
Increase in trade and other payables, excluding project accruals and retentions payable	**13,149**	72,233
Increase in due from / to related parties	**(62)**	(2,792)
Cash (used in) / generated by operating activities	**(21,022)**	24,245
Employees' end-of-service indemnity paid	**(1,006)**	(668)
Net cash (used in) / generated by operations	**(22,028)**	23,577
Cash flows from investing activities		
Property and equipment, net of project accruals and retentions payable	**(108,386)**	(119,854)
Investment properties, net of project accruals and retentions payable	**-**	(1,264)
Interest received	**11,253**	2,891
Decrease in other financial assets	**-**	650,000
Proceeds from sale of property and equipment	**-**	359
Net cash (used in) / generated by investing activities	**(97,133)**	532,132
Cash flows from financing activities		
Payment for finance costs	**(54,418)**	(90,859)
Decrease / (increase) in restricted cash	**19,375**	(59,764)
Payment for leases	**-**	(5,716)
Proceeds of loan from related parties	**-**	150,000
Net cash used in financing activities	**(35,043)**	(6,339)
Net (decrease)/increase in cash and cash equivalents	**(154,204)**	549,370
Cash and cash equivalents at the beginning of the period (Note 13)	**1,613,001**	1,010,134
Cash and cash equivalents at the end of the period (Note 13)	**1,458,797**	1,559,504

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

Notes to the condensed consolidated financial statements for the three month period ended 31 March 2019

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 Legal	Beneficial	Principal Activity
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 material effect on the consolidated financial statements

During the year ended 31 December 2018, the Group early adopted IFRS 16 *Leases* ('IFRS 16') (as issued by the IASB in January 2016) and the related consequential amendments to other IFRSs. IFRS 16 introduces new or amended requirements for the definition of a lease, lessee accounting and lessor accounting (in particular increased disclosure requirements). The date of initial application of IFRS 16 for the Group was 1 January 2018.

The Group applied the modified retrospective approach permitted under IFRS 16, which requires the recognition of the cumulative effect of initially applying the standard, to the retained earnings and not restate prior years. When doing so, the Group also made use of the practical expedient to not recognise a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months.

The impact on the condensed consolidated financial statement line items affected by the application of IFRS 16 for the three month period ended 31 March 2018 is disclosed in note 29.

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

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

2.2 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 2019, have been adopted in these condensed consolidated financial statements.

- IFRIC 23 *Uncertainty over Income Tax Treatments*: The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:
  - Whether tax treatments should be considered collectively;
  - Assumptions for taxation authorities' examinations;
  - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
  - The effect of changes in facts and circumstances.

- 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*.

- 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.

- 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.

2.3 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*
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 2022
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.

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

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 2018. In addition, results for the period from 1 January 2019 to 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018.

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 of 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 216 million (31 March 2018: AED 210 million) and had outstanding bank borrowings of AED 4,158 million (31 December 2018: AED 4,158 million) as at that date. As the losses of the Group exceed half of its issued share capital, in accordance with article 302 of UAE Federal Law no. 2 of 2015, the Board of Directors convened a General Assembly on 24 April 2019 whereby the shareholders voted in favour of the resolution for the continuation of the Company.

In determining the appropriateness of the going concern basis of preparation in these condensed consolidated financial statements, management has considered the following:

- Availability of cash and resultant utilisation associated with the prior year issuance of the convertible bonds (refer to note 15);
- Utilisation of residual cash from the Phase I development stage of Dubai Parks and Resorts and negotiation of long-term payment plans for remaining development commitments;
- Utilisation of anticipated residual cash following shareholder approval for the reutilisation of assets and remaining proceeds from the 2016 rights issue; and
- Current 12-month cash flow projections across a range of scenarios.

In making its assessment, management has determined the following key mitigating factors to manage long term business risks:

- Full year impact of prior year savings from optimisation of the Group's cost base; and
- Increased international tourist market penetration and growth in number of available hotel rooms at Dubai Parks and Resorts.

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 31 March 2019. 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.

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.

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

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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 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.

Property and equipment

Property and equipment comprises land, building and infrastructure, vehicles, IT and other equipment, furniture and fixtures, rides and attractions, right-of-use assets 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
Right-of-use asset	30

Assets held under leases are depreciated over their expected useful life on the same basis as owned assets. 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.

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.

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

3. Summary of significant accounting policies (continued)

Investment property

Investment property comprises 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

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 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.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets are impaired. 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 the condensed consolidated statement of profit or loss and other comprehensive income. 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 the condensed consolidated statement of profit or loss and other comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost 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.

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

3. Summary of significant accounting policies (continued)

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 take a substantial period of time to complete.

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 the liability component is determined by discounting the future cash flows pertaining to the coupon payments using the estimated market interest rate. The residual balance is allocated to the equity component and recognised separately under equity.

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 the 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.

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.

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

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

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 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.

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 2018.

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

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

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 use 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 updated 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.

To determine the recoverable amount for investment properties included under the "Retail and Hospitality" cash generating unit, the fair value of investment property under the capitalisation of income method has been utilised. This involves the capitalisation of the net rent receivable, which provides a current and potential future net income stream and includes measures such as rental occupancy, growth rate and yield rates.

The estimates and assumptions used in assessing 2018 annual impairment of assets remain materially unchanged. The recoverable amount is assessed to be in excess of the carrying amount and accordingly no additional impairment is recorded as at 31 March 2019.

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 three month period ended 31 March 2019 (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	Right-of-use asset AED'000	Capital work-in-progress AED'000	Total AED'000
Cost									
As at 1 January 2018	1,177,910	6,041,556	1,127,266	1,037,606	97,695	6,648	252,496	414,432	10,155,609
Additions during the year	-	475	6,038	4,562	3,655	2,888	-	318,925	336,543
Transfer to a joint venture	(19,414)	-	-	-	-	-	-	-	(19,414)
Transfer from / (to) investment properties	-	6,342	(4,600)	-	1,536	-	-	-	3,278
Disposals	-	-	-	-	-	(795)	-	-	(795)
Reclassification	-	(44,727)	31,862	17,442	15,334	(3,880)	-	(16,031)	-
As at 31 December 2018	1,158,496	6,003,646	1,160,566	1,059,610	118,220	4,861	252,496	717,326	10,475,221
Additions during the period	-	585	2,384	4,081	1,835	-	-	35,401	44,286
As at 31 March 2019	**1,158,496**	**6,004,231**	**1,162,950**	**1,063,691**	**120,055**	**4,861**	**252,496**	**752,727**	**10,519,507**
Accumulated depreciation and impairment									
As at 1 January 2018	-	232,445	165,918	74,525	18,526	2,410	8,417	-	502,241
Charge for the year	-	223,261	159,055	47,071	13,777	1,165	8,417	-	452,746
Impairment loss	75,799	697,877	95,390	82,257	14,389	191	24,817	442,578	1,433,298
Transfer from / (to) investment properties	-	79	(418)	-	498	-	-	-	159
Disposals	-	-	-	-	-	(580)	-	-	(580)
As at 31 December 2018	75,799	1,153,662	419,945	203,853	47,190	3,186	41,651	442,578	2,387,864
Charge for the period	-	45,924	32,778	12,818	3,106	257	1,883	-	96,766
As at 31 March 2019	**75,799**	**1,199,586**	**452,723**	**216,671**	**50,296**	**3,443**	**43,534**	**442,578**	**2,484,630**
Carrying amount At 31 March 2019	**1,082,697**	**4,804,645**	**710,227**	**847,020**	**69,759**	**1,418**	**208,962**	**310,149**	**8,034,877**
At 31 December 2018	1,082,697	4,849,984	740,621	855,757	71,030	1,675	210,845	274,748	8,087,357

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

7. Investment properties

	Land AED'000	Building, infrastructure and other equipment AED'000	Total AED'000
Cost			
As at 1 January 2018	108,328	449,935	558,263
Transfer to property and equipment	-	(3,278)	(3,278)
As at 31 December 2018 and 31 March 2019	**108,328**	**446,657**	**554,985**
Accumulated depreciation			
As at 1 January 2018	-	22,620	22,620
Charge for the year	-	20,616	20,616
Transfer to property and equipment	-	(159)	(159)
As at 31 December 2018	-	43,077	43,077
Charge for the period	-	4,971	4,971
As at 31 March 2019	**-**	**48,048**	**48,048**
Carrying amount			
At 31 March 2019	**108,328**	**398,609**	**506,937**
At 31 December 2018	108,328	403,580	511,908

8. Investment in a joint venture

During 2017, the Group subscribed for share capital of LL Dubai Hotel LLC. 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:

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
At 1 January	**53,668**	17,429
Share of losses recognised during the period/year	**(50)**	(209)
Transfer of land to the joint venture [Note 10]	**-**	36,448
	53,618	53,668

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

9. Inventories

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Merchandise and other operating inventory	**25,254**	26,535
Provision for slow-moving inventory	**(3,255)**	(3,293)
	21,999	23,242
Movement in provision for slow-moving inventory		
As at 1 January	**3,293**	-
(Reversal) / provision made during the period/year	**(38)**	3,293
	3,255	3,293

10. Related party balances and transactions

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

The following balances are outstanding as at the reporting date:

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Due from related parties		
Due from Parent Company	**12,961**	12,920
Due from a joint venture	**7,026**	7,005
Due from subsidiaries of Parent Company	**57**	57
	20,044	19,982
Due to related parties		
Due to joint ventures of Parent Company	**1,400**	1,400

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 13 million (31 December 2018: AED 13 million) relates to a receivable for project and operational management services performed by the Group.

c) During the year ended 31 December 2018, the Group transferred land to its investment in the joint venture at a fair value of AED 62 million.

Key management remuneration

The key management remuneration during the period was as follows:

	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Short term benefits	**3,120**	3,044
Long term benefits	**62**	88
	3,182	3,132

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

11. Trade and other receivables

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Trade receivables	**81,692**	70,401
Provision for doubtful debts	**(15,870)**	(11,408)
	65,822	58,993
Prepayments and other receivables	**62,979**	55,005
Advances to contractors	**40,032**	39,804
Interest receivable	**1,396**	5,011
	170,229	158,813

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. A provision has been made for the estimated impairment amounts of trade receivables of AED 16 million (31 December 2018: AED 11 million). The provision has been determined based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Movement in provision for doubtful debts		
As at 1 January	**11,408**	-
Provision made during the period/year	**4,462**	11,408
	15,870	11,408

12. Derivative financial instruments

	31 March 2019 (Unaudited) Positive fair value AED'000	Notional amount AED'000
Interest rate swaps	**44,001**	**2,855,321**

	31 December 2018 (Audited) Positive fair value AED'000	Notional amount AED'000
Interest rate swaps	71,165	2,896,831

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. Cash and bank balances

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Cash on hand	**3,240**	3,229
Cash at bank	**1,605,791**	1,779,381
	1,609,031	1,782,610
Less: Restricted cash	**(150,234)**	(169,609)
Cash and cash equivalents	**1,458,797**	1,613,001

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

13. Cash and bank balances (continued)

Cash at bank includes call accounts that earn interest up to 1% per annum (31 December 2018: 1%). 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 2018: 2% to 3%) per annum. Restricted cash includes reserves held to service debt as per the requirement of the Group's term loans and cash margins placed with banks for issuing letter of credit facilities.

14. Share capital

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Authorised capital 12,643,655,416 shares of AED 1 each (31 December 2018: 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 2018: 7,999,912,670 shares of AED 1 each)	**7,999,913**	7,999,913

15. Convertible bond

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Balance at the beginning of the period/year	**1,255,647**	-
Carrying value of SSL and accrued interest at issue date	**-**	412,004
Proceeds from issuance of convertible bond	**-**	804,800
Accrued interest during the period/year	**25,583**	38,843
	1,281,230	1,255,647
Less: Residual value of equity component	**(65,717)**	(65,717)
Carrying amount of liability component	**1,215,513**	1,189,930

During the year ended 31 December 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 outstanding subordinated shareholder loan ("SSL") balance including accrued interest thereon was incorporated into the convertible bond.

The convertible bond has a maturity date of 30 June 2026 and carries a coupon of 8 per cent per annum compounded quarterly with the coupon payable on the maturity date, unless converted earlier. The bond is convertible at the option of the holder at a strike price of AED 1.04 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 shares is less than AED 1.04.

As at 31 December 2018, the convertible bonds had been fully issued.

16. Bank facilities

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Term loans	**4,158,026**	4,158,026
Gross borrowing costs	**306,466**	306,392
Less: Cumulative amortisation	**(96,247)**	(89,170)
Un-amortised borrowing costs	**210,219**	217,222
Carrying amount	**3,947,807**	3,940,804

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

16. Bank facilities (continued)

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Later than 1 year and not longer than 2 years	**53,312**	-
Later than 2 years and not longer than 5 years	**888,388**	819,989
Later than 5 years	**3,216,326**	3,338,037
Amounts due for settlement after 12 months	**4,158,026**	4,158,026
Amounts due for settlement within 12 months	**-**	-
	4,158,026	4,158,026

Term loans

a) The Group has available bank facilities of AED 4.2 billion (31 December 2018: AED 5.2 billion) in the form of term loans of which were fully utilised as at 31 March 2018 (31 December 2018: AED 4.2 billion). The AED 1.0 billion bank facility intended for utilisation as part of the Six Flags Dubai project was withdrawn during the period.

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 June 2026. During the period ended 31 March 2019, 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 Phase 1 syndicated facilities are secured by a range of mortgages over property owned by the Group, assignments of certain contracts, certain rights to receivables, pledges over certain bank accounts and deposits and guarantees from the Ultimate Parent Company and the Parent Company.

Letters of credit

As at 31 March 2019, the Group has facilities in relation to letters of credit amounting to AED 200 million (31 December 2018: AED 200 million) and outstanding letters of credit amounting to AED 25 million (31 December 2018: AED 46 million). The letters of credit are secured by way of:

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

17. Trade and other payables

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Trade payables	**268,625**	228,229
Accrued expenses	**452,850**	507,428
Retentions payable	**239,735**	244,817
Obligations under lease agreements [Note 26 (c)]	**519,979**	526,508
Rental and other advances	**32,238**	32,312
Deferred revenue	**33,228**	41,869
Employees' end-of-service indemnity [Note 18]	**6,882**	7,138
Other liabilities	**160,706**	163,666
	1,714,243	1,751,967

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

18. Provision for employees' end of service indemnity

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Balance at the beginning of the period/year	**7,138**	5,280
Charge for the period/year	**750**	3,928
Amounts paid during the period/year	**(1,006)**	(2,070)
Balance at the end of the period/year	**6,882**	7,138

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.

19. Revenue

	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Admission revenue	**63,813**	73,515
Sales of food and beverage	**22,011**	26,273
Accommodation revenue	**18,235**	20,661
Sponsorship revenue	**17,171**	17,665
Sale of merchandise	**11,144**	14,615
Lease revenue	**3,106**	10,637
Management fees	**1,326**	1,288
Other	**5,601**	8,529
	142,407	173,183

20. Cost of sales

	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Food and beverage	**5,604**	6,791
Merchandise	**4,896**	6,393
Other	**2,057**	8,305
	12,557	21,489

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

21. General, administrative and operating expenses

	Three month period ended 31 March	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Salaries and other employee benefits *	**62,181**	75,016
Depreciation [Note 6 and 7]	**101,737**	121,669
Management and royalty fees	**14,497**	15,193
Utility charges	**13,774**	13,708
Repairs and maintenance	**11,466**	13,599
Rent expense	**9,531**	10,645
Supplies, communication and IT expenses	**8,902**	10,173
Provision for doubtful debts	**4,462**	-
Outsourced entertainment and music	**3,756**	1,326
Travel expense	**2,465**	2,602
Security expense	**1,951**	4,107
Insurance expense	**1,654**	2,190
Other	**4,343**	3,638
	240,719	273,866

* Pension contributions 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 31 March	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Interest expense		
Interest on term loan	**(56,305)**	(52,744)
Interest on convertible bond / subordinated shareholder loan	**(25,589)**	(5,237)
Interest on leases	**(11,515)**	(11,987)
Amortisation of borrowing costs	**(7,159)**	(7,032)
	(100,568)	(77,000)
Interest income		
Interest on deposits	**7,638**	7,392
	(92,930)	(69,608)

23. Non-operating income (net)

	Three month period ended 31 March	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
One time employee related provisions	**(3,430)**	(450)
Reimbursement of rebates	**1,767**	2,625
Release of deferred liability	**5,077**	5,077
Other non-operating income	**-**	142
	3,414	7,394

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

24. Basic and diluted loss per share

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 period.

	Three month period ended 31 March	
	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to equity holders of the Company (in AED '000)	**(215,707)**	(210,422)
Weighted average number of shares (in '000)		
Outstanding at the beginning and end of the period	**7,999,913**	7,999,913
Basic and diluted loss per share (in AED)	**(0.027)**	(0.026)

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

25. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Management has presented adjusted EBITDA as a key performance measure and believes it to be relevant to the understanding of the Group's financial performance. Adjusted EBITDA for the Group is calculated by adjusting loss for the period to exclude the impact of finance costs (net), depreciation and non-recurring expenses.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly captioned performance measures and disclosures by other entities.

Reconciliation of loss for the period to adjusted EBITDA:

	Three month period ended 31 March	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Loss for the period	**(215,707)**	(210,422)
Adjusted for:		
Depreciation	**101,737**	121,669
Finance costs (net)	**92,930**	69,608
Non-recurring expenses / (income) - (net)	**1,982**	(1,965)
Adjusted EBITDA	**(19,058)**	(21,110)

26. 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 0.6 billion as at 31 March 2019 (31 December 2018: AED 0.6 billion).

(b) Operating lease rentals - Group as a Lessee

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Not later than 1 year	**10,000**	15,000

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

26. Commitments and contingent liabilities (continued)

(c) Lease rentals - Group as a Lessee

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	31 March 2019 AED'000	31 December 2018 AED'000	**31 March 2019 AED'000**	31 December 2018 AED'000	**31 March 2019 AED'000**	31 December 2018 AED'000
Not later than 1 year	**93,132**	89,655	**46,022**	46,610	**47,110**	43,045
Later than 1 year and no longer than 5 years	**341,188**	355,723	**156,982**	159,915	**184,206**	195,808
Later than 5 years	**952,661**	960,057	**663,998**	672,402	**288,663**	287,655
	1,386,981	1,405,435	**867,002**	878,927	**519,979**	526,508

(d) Operating lease rentals - Group as a Lessor

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Not later than 1 year	**27,528**	27,635
Later than 1 year and not longer than 5 years	**25,997**	33,407
	53,525	61,042

(e) Letters of credit

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Letters of credit	**25,096**	45,564

(f) Contingent liabilities

Contingent liabilities may arise during the normal course of business. Based on information presently available any such contingent liabilities either cannot be quantified at this stage or in the opinion of management are without merit and therefore are deemed not likely to result in a cash outflow to the Group at the present time.

27. 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.

28. 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 cash flows.

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

29. Prior period adjustment

Impact on adoption of IFRS 16

The table below shows the impact for the condensed consolidated financial statement line items affected by the application of IFRS 16 for the three month period ended 31 March 2018:

	As previously reported AED'000	IFRS 16 adjustments AED'000	As reported AED'000
General, administrative and operating expenses	(277,478)	3,612	(273,866)
Finance costs (net)	(62,549)	(7,059)	(69,608)
Loss for the period	(206,975)	(3,447)	(210,422)
Total comprehensive loss for the period	**(165,793)**	**(3,447)**	**(169,240)**

30. Subsequent event

During the period, actions, including formal notification by Six Flags, resulted in funders' concerns being raised in relation to the revised projections for the project. As a result, the syndicated bank facility intended for utilisation as part of the development of the Six Flags branded theme park is no longer available.

On April 24, 2019 at the DXBE Annual General Meeting, shareholders discussed and approved the reutilisation of rights issue assets and proceeds originally intended for the Six Flags Dubai project, to enhance two of its flagship assets MOTIONGATE Dubai and Bollywood Parks Dubai. Consequently, the Six Flags Dubai Project is no longer proceeding and the agreements with Six Flags have been validly and effectively terminated.

31. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and signed for issuance on 13 May 2019.