Emaar Malls PJSC and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2019

Emaar Malls PJSC and its subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the period ended 30 September 2019

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Emaar Malls PJSC

Introduction

We have reviewed the accompanying 30 September 2019 interim condensed consolidated financial statements of Emaar Malls PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim consolidated income statement for the three month and nine month periods ended 30 September 2019;
- the interim consolidated statement of other comprehensive income for the three month and nine month periods ended 30 September 2019;
- the interim consolidated statement of financial position as at 30 September 2019;
- the interim consolidated statement of cash flows for the nine month period ended 30 September 2019;
- the interim consolidated statement of changes in equity for the nine month period ended 30 September 2019; and
- notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 Statements Performed by the Independent Auditor of the Entity"*. A review of interim financial statements 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2019 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Other Matter

The interim condensed consolidated financial statements of the Group as at and for the three month and the nine month periods ended 30 September 2018 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 6 November 2018.

The interim condensed consolidated financial statements of the Group as at and for the three month period ended 31 March 2019 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 7 May 2019.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 20 March 2019.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 10 NOV 2019

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INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2019 (Unaudited)

(US$ 1.00 = AED 3.673)

	Notes	Nine-month period ended		Three-month period ended	
		30 September 2019 AED'000	30 September 2018 AED'000	**30 September 2019 AED'000**	30 September 2018 AED'000
Revenue	4	**3,412,378**	3,231,536	**1,185,030**	1,128,372
Cost of revenue	5	**(842,860)**	(778,260)	**(313,806)**	(288,152)
GROSS PROFIT		**2,569,518**	2,453,276	**871,224**	840,220
Sales and marketing expenses		**(216,297)**	(203,726)	**(66,610)**	(68,203)
General and administrative expenses		**(161,603)**	(161,458)	**(47,364)**	(61,876)
Depreciation and amortisation		**(330,266)**	(341,962)	**(111,345)**	(121,159)
OPERATING PROFIT FOR THE PERIOD		**1,861,352**	1,746,130	**645,905**	588,982
Finance income		**2,960**	68,533	**722**	24,065
Finance costs	6	**(162,861)**	(242,466)	**(53,375)**	(82,987)
Gain on disposal of investment properties	7	**8,490**	-	**8,490**	-
Gain on disposal of assets held for sale	8	-	47,577	-	-
Gain on settlement of put option over non-controlling interests	22	**15,689**	-	-	-
PROFIT FOR THE PERIOD	9	**1,725,630**	1,619,774	**601,742**	530,060
ATTRIBUTABLE TO:					
Equity holders of the parent		**1,731,500**	1,638,963	**601,742**	536,945
Non-controlling interest		**(5,870)**	(19,189)	-	(6,885)
		1,725,630	1,619,774	**601,742**	530,060
Earnings per share (AED):					
Equity holders of the parent					
Basic and diluted	10	**0.13**	0.13	**0.05**	0.04

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2019 (Unaudited)

		(US$ 1.00 = AED 3.673)			
		Nine-month period ended		***Three-month period ended***	
	Notes	***30 September 2019 AED'000***	*30 September 2018 AED'000*	***30 September 2019 AED'000***	*30 September 2018 AED'000*
PROFIT FOR THE PERIOD		**1,725,630**	1,619,774	**601,742**	530,060
Other comprehensive income to be reclassified to the interim consolidated income statement in subsequent period:					
Net movement on cash flow hedges	19	-	7,011	-	(4,474)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,725,630**	1,626,785	**601,742**	525,586
ATTRIBUTABLE TO:					
Equity holders of the parent		**1,731,500**	1,645,974	**601,742**	532,471
Non-controlling interests		**(5,870)**	(19,189)	-	(6,885)
		1,725,630	1,626,785	**601,742**	525,586

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
		(US $1.00 : AED 3.673)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	156,069	161,053
Investment properties	12	22,203,794	22,228,694
Goodwill and intangible assets	13	560,540	569,249
Right-of-use assets	2(a)	23,906	-
		22,944,309	22,958,996
Current assets			
Inventories		239,868	126,350
Trade and unbilled receivables	14	543,938	404,180
Advances, prepayments and other receivables		210,610	217,662
Due from related parties	15(b)	138,432	158,768
Bank balances and cash	16	178,496	265,564
		1,311,344	1,172,524
TOTAL ASSETS		24,255,653	24,131,520
EQUITY AND LIABILITIES			
Equity			
Share capital	17	13,014,300	13,014,300
Reserves	19	1,745,710	1,277,052
Retained earnings		3,046,792	2,969,732
Equity attributable to the equity holders of the parent		17,806,802	17,261,084
Non-controlling interests		-	147,040
TOTAL EQUITY		17,806,802	17,408,124
Non-current liabilities			
Employees' end of service benefits		26,876	24,120
Interest bearing loans and borrowings	20	1,330,575	1,182,370
Sukuk	21	2,743,333	2,741,736
Put option over non-controlling interests	22	-	488,452
Retentions payable after 12 months		16,817	17,404
Lease liabilities payable after 12 months	2(a)	8,841	-
		4,126,442	4,454,082
Current liabilities			
Due to related parties	15(b)	123,399	118,440
Accounts payable and accruals	23	1,035,046	937,461
Advances and security deposits		1,014,186	1,002,035
Retentions payable within 12 months		14,244	13,375
Lease liabilities payable within 12 months	2(a)	12,083	-
Deferred income		123,451	198,003
		2,322,409	2,269,314
TOTAL LIABILITIES		6,448,851	6,723,396
TOTAL EQUITY AND LIABILITIES		24,255,653	24,131,520

These interim condensed consolidated financial statements were authorised for issue on 10 November 2019 by Board of Directors and signed on their behalf by:

Chairman

Director

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2019 (Unaudited)

	Notes	*1 January 2019 to 30 September 2019 AED'000*	*1 January 2018 to 30 September 2018 AED'000*
		(US $1.00 = AED 3.673)	
OPERATING ACTIVITIES			
Profit for the period		**1,725,630**	1,619,774
Adjustments for:			
Depreciation of property, plant and equipment	11	**18,776**	25,515
Depreciation of investment properties	12	**296,352**	307,738
Amoritisation of intangible assets with definite useful life	13	**8,709**	8,709
Depreciation of right-of-use assets	2(a)	**6,429**	-
Provision for expected credit losses	14	**17,161**	9,719
Provision for employees' end of service benefits		**7,417**	4,019
Share-based payment expense		**-**	2,216
Reversal of provision for employees' equity option plan		**(1,214)**	-
Finance costs	6	**162,861**	242,466
Gain on settlement of put option over non-controlling interests	22	**(15,689)**	-
Gain on disposal of investment properties	7	**(8,490)**	-
Gain on disposal of assets held for sale	8	**-**	(47,577)
Gain on disposal of property, plant and equipment		**-**	(4)
Finance income		**(2,960)**	(68,533)
		2,214,982	2,104,042
Working capital changes:			
Inventories		**(113,518)**	(27,421)
Trade receivables		**(156,919)**	(130,993)
Due from related parties		**20,336**	(65,220)
Advances, prepayments and other receivables		**2,774**	39,624
Due to related parties		**4,959**	20,282
Accounts payable and accruals		**33,066**	63,328
Advances and security deposits		**12,151**	(110,773)
Retentions payable		**282**	5,835
Deferred income		**(74,552)**	55,923
Net cash flows from operations		**1,943,561**	1,954,627
Employees' end of service benefits paid		**(3,447)**	(2,984)
Net cash flows from operating activities		**1,940,114**	1,951,643
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	11	**(13,792)**	(8,068)
Amounts incurred on investment properties	12	**(241,126)**	(478,001)
Interest received		**2,966**	55,740
Proceeds from disposal of investment properties		**9,000**	14,563
Proceeds from disposal of property, plant and equipment		**-**	4
Deposits under lien or maturing after three months		**-**	21,987
Net cash flows used in investing activities		**(242,952)**	(393,775)
FINANCING ACTIVITIES			
Acquisition of non-controlling interests	1	**(496,872)**	-
Proceeds from interest bearing loans and borrowings	20	**1,109,246**	-
Repayment of interest bearing loans and borrowings	20	**(962,326)**	-
Finance cost paid		**(122,436)**	(188,561)
Payment of lease liabilities	2(a)	**(5,862)**	-
Dividends paid	18	**(1,301,430)**	(1,301,430)
Bonus paid to Board of Directors	15(c)	**(4,550)**	(4,900)
Net cash flows used in financing activities		**(1,784,230)**	(1,494,891)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(87,068)**	62,977
Cash and cash equivalents at 1 January		**265,564**	142,626
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	16	**178,496**	205,603
SUPPLEMENTAL NON-CASH INFORMATION			
Investment properties project cost accruals		**30,836**	302,517

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2019 (Unaudited)

	Equity attributable to equity holders of the Parent					
1 January 2019 to 30 September 2019	***Share capital AED'000***	***Reserves AED'000***	***Retained earnings AED'000***	***Total AED'000***	***Non-controlling interests AED'000***	***Total equity AED'000***
As at 1 January 2019 (Audited)	13,014,300	1,277,052	2,969,732	17,261,084	147,040	17,408,124
Profit / (loss) for the period	-	-	1,731,500	1,731,500	(5,870)	1,725,630
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	1,731,500	1,731,500	(5,870)	1,725,630
Dividends paid (note 18)	-	-	(1,301,430)	(1,301,430)	-	(1,301,430)
Directors' bonus (note 15(c))	-	-	(4,550)	(4,550)	-	(4,550)
Acquisition of non-controlling interests (note 1)	-	468,658	(348,460)	120,198	(141,170)	(20,972)
As at 30 September 2019	**13,014,300**	**1,745,710**	**3,046,792**	**17,806,802**	**-**	**17,806,802**

	Equity attributable to equity holders of the Parent					
1 January 2018 to 30 September 2018	*Share capital AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
As at 1 January 2018 (Audited)	13,014,300	843,068	2,492,107	16,349,475	176,894	16,526,369
Profit/ (loss) for the period	-	-	1,638,963	1,638,963	(19,189)	1,619,774
Other comprehensive income for the period	-	7,011	-	7,011	-	7,011
Total comprehensive income for the period	-	7,011	1,638,963	1,645,974	(19,189)	1,626,785
Dividends paid (note 18)	-	-	(1,301,430)	(1,301,430)	-	(1,301,430)
Directors' bonus (note 15(c))	-	-	(4,900)	(4,900)	-	(4,900)
As at 30 September 2018	13,014,300	850,079	2,824,740	16,689,119	157,705	16,846,824

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Emaar Malls Public Joint Stock Company (the "Parent" or "Company") and its subsidiaries (together the "Group") was established as a public joint stock company by Ministerial Decree number 922 of the year 2014 dated 30 September 2014.

The Company is a subsidiary of Emaar Properties PJSC (the "Ultimate Parent Company"), a company incorporated in the United Arab Emirates and listed on the Dubai Financial Market. During the year ended 31 December 2014, the Ultimate Parent Company converted the legal status of the Company from that of a limited liability company to public joint stock company and sold 15.37% of their shareholding in the Company through an Initial Public Offering ("IPO"). The Company is listed on the Dubai Financial Market and its shares were traded with effect from 2 October 2014.

The principal activities of the Group are retail development and management of shopping malls and online retail.

The address of the registered office of the Group is P.O. Box 191741, Dubai, United Arab Emirates.

On 25 February 2019, the Company acquired remaining 49% equity stake in its subsidiary, Namshi Holding Limited ("Namshi") for a consideration of AED 496,872 thousands. Total consideration includes the amount paid to Global Fashion Group ("GFG") amounting to AED 475,900 thousands (note 22) and other shareholders of Namshi amounting to AED 20,972 thousands. The difference in the amount of consideration paid and the non-controlling interests amounting to AED 348,460 thousands has been directly recognised in the interim consolidated statement of changes in equity as required under IFRS 10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and applicable requirements of United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018, except for the new standards and amendments adopted during the current period in note 2(a).

Results for the nine-months period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis. The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

Estimates and underlying assumptions are revised on an ongoing basis. Revision to accounting estimates are recognised prospectively.

The significant judgements made by management in applying Group's accounting policies and the key sources of estimates uncertainty were same as those that were applied in the preparation of consolidated financial statements of the Group as at 31 December 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 September 2019. Control is achieved where all the following criteria are met:

(a) the Company has power over an entity (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated income statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interest are measured at their proportionate share of acquiree's identifiable net asset at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Share of comprehensive income/(loss) within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit and loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The details of the Company's significant subsidiaries are as follows:

Name of the subsidiary	*Country of incorporation*	*Principal activity*	*Legal Ownership*	
			2019	*2018*
The Dubai Mall LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Emaar Dubai Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Emaar International Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Namshi Holding Limited	UAE	Holding company for Namshi group companies engaged in online retail business and related services	**100%**	51%

These entities are 100% beneficially owned by the Company.

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial information of special purpose entities is included in the Group's interim condensed consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019. Although these new standards and amendments apply for the first time in 2019, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for warehouses and offices. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the interim consolidated income statement on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application and accordingly, the comparative information in this interim condensed consolidated financial statement has not been restated and the cumulative effect of initially applying the standard (if any) is recognised as an adjustment to the opening balance of retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below AED 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

c) Amounts recognised in the interim consolidated statement of financial position and income statement

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets AED'000	*Lease liabilities AED'000*
As at 1 January 2019	**29,739**	**25,468**
Additions during the period	**596**	**596**
Depreciation expense	**(6,429)**	**-**
Interest expense	**-**	**722**
Payments	**-**	**(5,862)**
As at 30 September 2019	**23,906**	**20,924**

Lease liabilities are payable as below:

Lease liabilities payable after 12 months	**8,841**
Lease liabilities payable within 12 months	**12,083**
Balance as at period end	**20,924**

Set out below, are the amounts recognised in interim consolidated income statement:

	1 January 2019 to 30 September 2019 AED'000
Depreciation expense of right-of-use assets	**6,429**
Interest expense on lease liabilities	**722**
Total amounts recognised in interim consolidated income statement	**7,151**

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes.

The interpretation did not have any impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). These amendments had no impact on the interim condensed consolidated financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the interim condensed consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

These improvements had no impact on the interim condensed consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, but an entity that early adopts the amendments must apply them prospectively);
IAS 1 and IAS 8	Amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition (effective for annual period beginning on or after 1 January 2020); and
IFRS 17	Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021).
IFRS 3	Definition of Business combination (Amendments to IFRS 3) (effective for annual period beginning on or after 1 January 2020); and Amendments to References to Conceptual framework in IFRS standards (effective for annual period beginning on or after 1 January 2020).

3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the net profit or loss in the interim condensed consolidated financial statements.

Geographic segment

The Group is currently operating only in the UAE, hence the operating results, assets and liabilities presented in the interim condensed consolidated financial statements relates to its operations in the UAE.

Business segments

For management purposes, the Group is organised into six segments, namely:

Super Regional Malls:
Super regional malls include shopping centres which individually hold gross leasable area of more than 800 thousands sq. ft.

Regional Malls:
Regional malls include shopping centres individually holds gross leasable area of more than 400 thousands sq. ft. but less than 800 thousands sq. ft.

Community Retail:
Community Retail includes shopping centres or retail outlets individually hold gross leasable area of less than 400 thousands sq. ft.

Specialty Retail:
Specialty retail includes shopping centres mainly offering specialty stores for fine and casual dining, commercial offices or retail outlets of manufacturers.

Online Retail:
Namshi, a regional online fashion portal, constitutes the online retail business segment of the Group.

Others:
Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments* and head office balances.

3 SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables include revenue, results and other segment information from 1 January 2019 to 30 September 2019, 1 July 2019 to 30 September 2019, 1 January 2018 to 30 September 2018 and 1 July 2018 to 30 September 2018. Assets and liabilities information regarding business segments are presented as at 30 September 2019 and 31 December 2018.

1 January 2019 to 30 September 2019:	*Super Regional Malls AED'000*	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
Revenue:							
Rental income from leased properties	**2,304,876**	**138,344**	**188,199**	**89,756**	**-**	**-**	**2,721,175**
Management fee	**-**	**-**	**-**	**-**	**-**	**2,466**	**2,466**
Online retail	**-**	**-**	**-**	**-**	**688,737**	**-**	**688,737**
Total Revenue	**2,304,876**	**138,344**	**188,199**	**89,756**	**688,737**	**2,466**	**3,412,378**
Results:							
Profit/(loss) for the period	**1,688,461**	**80,359**	**112,482**	**47,970**	**(41,735)**	**(161,907)**	**1,725,630**
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	**235,446**	**14,602**	**22,195**	**6,614**	**2,343**	**4,554**	**285,754**
Depreciation and amortisation: (Property, plant and equipment, investment properties, right to use asset and intangible assets)	**238,054**	**22,901**	**34,084**	**16,087**	**17,685**	**1,455**	**330,266**
Finance costs	**-**	**-**	**-**	**-**	**1,596**	**161,265**	**162,861**

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls AED'000	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
1 July 2019 to 30 September 2019:							
Revenue:							
Rental income from leased properties	**776,580**	**47,537**	**63,752**	**29,298**	**-**	**-**	**917,167**
Management fee	**-**	**-**	**-**	**-**	**-**	**1,341**	**1,341**
Online retail	**-**	**-**	**-**	**-**	**266,522**	**-**	**266,522**
Total Revenue	**776,580**	**47,537**	**63,752**	**29,298**	**266,522**	**1,341**	**1,185,030**
Results:							
Profit/(loss) for the period	**575,091**	**29,600**	**43,814**	**15,286**	**(13,807)**	**(48,242)**	**601,742**
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	**56,972**	**12,034**	**18,358**	**2,491**	**886**	**1,808**	**92,549**
Depreciation and amortisation: (Property, plant and equipment, investment properties and intangible assets)	**80,494**	**7,829**	**11,309**	**5,288**	**6,023**	**402**	**111,345**
Finance costs	**-**	**-**	**-**	**-**	**250**	**53,125**	**53,375**
Assets and liabilities As at 30 September 2019:							
Segment assets	**19,955,689**	**1,252,985**	**954,278**	**1,379,590**	**571,614**	**141,497**	**24,255,653**
Segment liabilities	**1,561,671**	**62,261**	**191,180**	**72,667**	**1,003,384**	**3,557,688**	**6,448,851**

3 SEGMENT INFORMATION (continued)

Business segments (continued)

1 January 2018 to 30 September 2018:	*Super Regional Malls AED'000*	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
Revenue:							
Rental income from leased properties	2,222,410	137,213	163,216	101,979	-	-	2,624,818
Online retail	-	-	-	-	606,718	-	606,718
Total Revenue	2,222,410	137,213	163,216	101,979	606,718	-	3,231,536
Results:							
Profit/(loss) for the period	1,573,996	73,870	137,616	57,230	(37,424)	(185,514)	1,619,774
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	676,745	5,109	99,324	3,382	2,303	1,723	788,586
Depreciation and amortisation: (Property, plant and equipment, investment properties and intangible assets)	251,520	29,088	30,345	17,112	11,282	2,615	341,962
Finance costs	-	-	-	-	743	241,723	242,466

3 SEGMENT INFORMATION (continued)

Business segments (continued)

1 July 2018 to 30 September 2018:	*Super Regional Malls AED'000*	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
Revenue:							
Rental income from leased properties	777,025	44,285	51,599	32,475	-	-	905,384
Online retail	-	-	-	-	222,988	-	222,988
Total Revenue	777,025	44,285	51,599	32,475	222,988	-	1,128,372
Results:							
Profit / (loss) for the period	546,890	21,246	24,566	17,088	(13,173)	(66,557)	530,060
Other segment information:							
Capital expenditure (Property, plant and equipment and investment properties)	97,790	551	(3,012)	1,723	696	436	98,184
Depreciation and amortisation (Property, plant and equipment, investment properties and intangible assets)	90,709	9,675	10,948	5,497	3,706	624	121,159
Finance costs	-	-	-	-	460	82,527	82,987
Assets and liabilities							
As at 31 December 2018(Audited):							
Segment assets	19,949,368	1,259,025	961,113	1,361,629	479,659	120,726	24,131,520
Segment liabilities	1,605,967	84,367	206,987	78,428	389,741	4,357,906	6,723,396

4 REVENUE

	Nine-month period ended		*Three-month period ended*	
	30 September 2019 AED'000	*30 September 2018 AED'000*	***30 September 2019 AED'000***	*30 September 2018 AED'000*
Rental income from leased properties				
Base rent	**2,067,652**	1,978,743	**716,473**	687,643
Turnover rent	**67,840**	87,183	**18,751**	26,213
Services charges	**273,973**	263,233	**89,145**	94,032
Promotion and marketing contribution	**46,005**	44,590	**15,369**	16,038
Specialty leasing	**141,035**	137,939	**41,121**	46,631
Multimedia	**43,034**	47,517	**11,580**	14,718
Others	**84,102**	65,613	**26,070**	20,109
	2,723,641	2,624,818	**918,509**	905,384
Online retail	**688,737**	606,718	**266,521**	222,988
	3,412,378	3,231,536	**1,185,030**	1,128,372

5 COST OF REVENUE

	Nine-month period ended		*Three-month period ended*	
	30 September 2019 AED'000	*30 September 2018 AED'000*	***30 September 2019 AED'000***	*30 September 2018 AED'000*
Operating cost of leasing activities				
Housekeeping and facility management	**131,454**	139,529	**35,064**	50,994
Direct staff costs	**56,447**	65,532	**19,827**	17,254
Utilities – net	**40,116**	51,747	**15,127**	28,456
Security	**28,383**	27,658	**9,791**	9,680
Others	**53,642**	51,090	**19,061**	16,799
	310,042	335,556	**98,870**	123,183
Cost of online retail revenue	**532,818**	442,704	**214,936**	164,969
	842,860	778,260	**313,806**	288,152

6 FINANCE COSTS

	Nine-month period ended		*Three-month period ended*	
	30 September 2019 AED'000	*30 September 2018 AED'000*	***30 September 2019 AED'000***	*30 September 2018 AED'000*
Interest on loans and borrowings	**156,226**	220,793	**52,269**	75,436
Finance cost of put option	**3,138**	14,768	**-**	4,974
Interest on lease liabilities	**722**	-	**218**	-
Others	**2,775**	6,905	**888**	2,577
	162,861	242,466	**53,375**	82,987

7 GAIN ON DISPOSAL OF INVESTMENT PROPERTIES

During the period ended 30 September 2019, the Group entered into a sale and purchase agreement for the sale of certain retail units in Community Retail having a net book value of AED 510 thousands at a value of AED 9,000 thousands and consequently a gain of AED 8,490 thousands, net of selling expenses, was recognised in the interim consolidated income statement.

8 GAIN ON DISPOSAL OF ASSETS HELD FOR SALE

During the previous period, the Group entered into a sale and purchase agreement for the sale of investment properties having a book value of AED 14,623 thousands at a value of AED 63,500 thousands and consequently a gain of AED 47,577 thousands, net of selling expanses, was recognised in the interim consolidated income statement.

9 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	Nine-month period ended		*Three-month period ended*	
	30 September 2019 AED'000	*30 September 2018 AED'000*	***30 September 2019 AED'000***	*30 September 2018 AED'000*
Indirect staff costs	**82,150**	66,724	**29,624**	25,842

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	Nine-month period ended		*Three-month period ended*	
	30 September 2019 AED'000	*30 September 2018 AED'000*	***30 September 2019 AED'000***	*30 September 2018 AED'000*
Earnings:				
Profit attributable to the shareholders for basis or diluted earnings per share	**1,731,500**	1,638,963	**601,742**	536,945
No of shares:				
Weighted average number of ordinary shares for basic and diluted earnings per share	**13,014,300**	13,014,300	**13,014,300**	13,014,300
Earnings per share (AED):				
- basic and diluted	**0.13**	0.13	**0.05**	0.04

11 PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2019, the Group purchased property, plant and equipment of AED 13,792 thousands (period ended 30 September 2018: AED 8,068 thousands) and charged depreciation expense to the interim consolidated income statement of AED 18,776 thousands (period ended 30 September 2018: AED 25,515 thousands).

12 INVESTMENT PROPERTIES

During the period ended 30 September 2019, the Group had additions of AED 271,962 thousands (period ended 30 September 2018: AED 780,518 thousands) and charged depreciation expense to the interim consolidated income statement of AED 296,352 thousands (period ended 30 September 2018: AED 307,738 thousands).

13 GOODWILL AND INTANGIBLE ASSETS

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Goodwill	**365,012**	365,012
Other intangible assets	**195,528**	204,237
	560,540	569,249

During the period ended 30 September 2019, the Group charged amortisation expense to interim consolidated income statement of AED 8,709 thousands (period ended 30 September 2018: AED 8,709 thousands).

14 TRADE AND UNBILLED RECEIVABLES

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Trade receivables – net	**432,735**	312,179
Unbilled receivables	**111,203**	92,001
	543,938	404,180

Trade receivables include amounts due from related parties amounting to AED 35,984 thousands (31 December 2018 (audited): AED 7,791 thousands) (note 15 (b)).

The above trade receivables are net of allowance for expected credit losses of AED 106,706 thousands (31 December 2018 (audited): AED 89,581 thousands) representing management's best estimate of expected credit losses.

Movement in the allowance for expected credit losses is as follows:

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Balance at 1 January	**89,581**	85,356
Net charge for the period / year	**17,161**	15,693
Write off/adjustments during the period / year -net	**(36)**	(11,468)
Balance at period / year end	**106,706**	89,581

15 RELATED PARTY DISCLOSURES

(a) During the period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	1 January 2019 to 30 September 2019 AED'000	*1 January 2018 to 30 September 2018 AED'000*
Revenue		
Rental income from leased properties		
Parent Company	**25,094**	14,943
Affiliated entities	**69,072**	51,676
Entities owned or controlled by Directors and other related parties	**72,856**	65,469
Cost of revenue		
Operating cost of leasing activities – net		
Parent Company	**29,830**	32,709
Affiliated entities	**196,299**	184,391
Entities owned or controlled by Directors and other related parties	**(969)**	(2,105)
Sales and marketing expenses		
Parent Company	**4,297**	4,326
Affiliated entities	**659**	1,796
Entities owned or controlled by Directors and other related parties	**21,346**	6,684
General and administrative expenses		
Parent Company	**39,371**	69,078
Affiliated entities	**1,208**	675
Entities owned or controlled by Directors and other related parties	**1,148**	1,146
Finance income		
Entities owned or controlled by Directors and other related parties	**338**	7,857
Finance costs		
Entities owned or controlled by Directors and other related parties	**8,846**	-
Capital expenditures		
Affiliated entities	-	4,359

15 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim consolidated statement of financial position are as follows:

30 September 2019	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade and unbilled receivables AED '000*	*Interest bearing loans and borrowings AED '000*	*Due to related parties AED '000*	*Deferred income AED '000*	*Trade payables AED '000*
Non-current							
Entities owned or controlled by Directors and other related parties	-	-	-	**201,097**	-	-	-
	-	-	-	**201,097**	-	-	-
Current							
Parent Company	-	-	-	-	**84,239**	**1,737**	-
Affiliated entities	-	**138,432**	-	-	**39,160**	**34,219**	-
Entities owned or controlled by Directors and other related parties	**1,799**	-	**35,984**	-	-	**21,634**	**116**
	1,799	**138,432**	**35,984**	-	**123,399**	**57,590**	**116**

Outstanding balances are secured and interest-bearing. For the period ended 30 September 2019 and year ended 31 December 2018, the Group has not recorded any impairment on receivables relating to amounts owed by related parties.

15 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim consolidated statement of financial position are as follows (continued):

31 December 2018 (audited)	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade and unbilled receivables AED '000*	*Interest bearing loans and borrowings AED '000*	*Due to related parties AED '000*	*Deferred income AED '000*	*Trade payables AED '000*
Non-current							
Entities owned or controlled by Directors and other related parties	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Current							
Parent Company	-	-	-	-	64,934	-	-
Affiliated entities	-	158,768	-	-	53,506	40,995	-
Entities owned or controlled by Directors and other related parties	134,682	-	7,791	-	-	28,117	163
	134,682	158,768	7,791	-	118,440	69,112	163

15 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	1 January 2019 to 30 September 2019 AED'000	*1 January 2018 to 30 September 2018 AED'000*
Short term benefits	**20,328**	16,697
End of service benefits	**881**	701

As at 30 September 2019, the number of key management personnel was 16 (30 September 2018: 17).

During the period, the Company has paid bonus to the members of the Board of Directors amounting to AED 650 thousands for each board member (including the Chairman and Vice Chairman of the Board of Directors) for the year 2018 as approved by the shareholders at the Annual General Meeting of the Company held on 23 April 2019.

16 BANK BALANCES AND CASH

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Cash in hand	**295**	233
Bank balances:		
Current and call accounts	**178,201**	126,361
Deposits maturing within three months	**-**	138,970
Balance at period / year end	**178,496**	265,564

Included in the bank balances and cash is an amount of AED 1,799 thousands (31 December 2018 (audited): AED 134,682 thousands) as balance held with a related party (note 15(b)).

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Impairment on cash and cash equivalents have been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its balances with banks have low credit risk based on the external credit ratings of the counter parties and hence no credit losses are required to be recognized as at the reporting date.

17 SHARE CAPITAL

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Authorised capital – 13,014,300,000 shares of AED 1 each (2018: 13,014,300,000 shares of AED 1 each)	**13,014,300**	13,014,300
Issued and fully paid – 13,014,300,000 shares of AED 1 each (2018: 13,014,300,000 shares of AED 1 each)	**13,014,300**	13,014,300

18 DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2018 (2017: AED 0.10 per share) was approved by the shareholders of the Company at the Annual General Meeting held on 23 April 2019 and was paid during the period ended 30 September 2019.

19 RESERVES

Movement in reserves is as follows:

	Statutory reserve AED'000	***Legal reserve AED'000***	***Hedging reserve AED'000***	***Put option over non-controlling interests AED'000***	***Total AED'000***
1 January 2019 to 30 September 2019:					
As at 1 January 2019 *(Audited)*	**919,848**	**825,862**	-	**(468,658)**	**1,277,052**
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	**468,658**	**468,658**
As at 30 September 2019	**919,848**	**825,862**	-	-	**1,745,710**

	Statutory reserve AED'000	*Legal reserve AED'000*	*Hedging reserve AED'000*	*Put option over non-controlling interests AED'000*	*Total AED'000*
1 January 2018 to 30 September 2018:					
As at 1 January 2018 (Audited)	696,854	602,868	12,004	(468,658)	843,068
Other comprehensive income for the period	-	-	7,011	-	7,011
Total comprehensive income for the period	-	-	7,011	-	7,011
As at 30 September 2018	696,854	602,868	19,015	(468,658)	850,079

As required by the UAE Federal Commercial Companies Law No. (2) of 2015 and the Article number 57 of the Company's Article of Association, 10% of the net profit for the year shall be transferred to legal reserve until it reaches 50% of the share capital. Further, 10% of the net profit for the year shall be transferred to statutory reserve until it reaches 50% of the paid-up share capital. These reserves are not available for distribution except in the circumstances stipulated by the law.

20 INTEREST BEARING LOANS AND BORROWINGS

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Balance as at 1 January	**1,193,725**	4,591,250
Movement during the period/ year		
Add: Borrowed during the period/ year	**1,109,246**	1,193,725
Less: Repaid during the period/ year	**(962,326)**	(4,591,250)
Balance as at period / year end	**1,340,645**	1,193,725
Less: unamortised portion of loan arrangement fee	**(10,070)**	(11,355)
Net interest bearing loans and borrowings at period / year end	**1,330,575**	1,182,370
Interest-bearing loans and borrowings maturity profile:		
After one year (shown under non-current liabilities)	**1,330,575**	1,182,370
Balance as at period / year end	**1,330,575**	1,182,370

In 2018, the Group had fully repaid a Syndicated Murhabha Islamic finance facility for USD 1.25 billion (AED 4,591,250 thousands) availed from the commercial banks in the UAE. The previous facility is replaced with Revolving Islamic Finance facility of USD 2 billion (AED 7,346,000 thousands) availed from the commercial banks in the UAE. The facility is unsecured and carries profit rate at 3 months LIBOR + 1.25% pa.

21 SUKUK

EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands) on 18 June 2014. The Sukuk is listed on NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.564% per annum to be paid semi-annually. The carrying value of the Sukuk is as follows:

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Proceeds from the issuance of the Sukuk	**2,754,750**	2,754,750
Less: Sukuk issuance cost	**(21,587)**	(21,587)
Sukuk liability on initial recognition	**2,733,163**	2,733,163
Unwinding of Sukuk issuance cost	**10,170**	8,573
Sukuk liability as at period / year-end	**2,743,333**	2,741,736

22 PUT OPTION OVER NON-CONTROLLING INTERESTS

Pursuant to the Shareholders' Agreement which was executed between the Company and GFG on 16 August 2018 in relation to the acquisition of Namshi, the Company granted a put option to GFG in respect of GFG's shareholding in Namshi. GFG had the right to require the Company to acquire GFG's entire shareholding in Namshi.

The Company had recognised a non-current financial liability of AED 488,452 thousands in the consolidated statement of financial position as at 31 December 2018. This represents the present value of the estimated redemption amount payable by the Company in the event of exercise of the right by GFG.

On 25 February 2019, the Company acquired the remaining GFG's shareholding in Namshi for a consideration of AED 475,900 thousands (note 1).

Upon acquisition of remaining GFG's shareholding in Namshi, the non-current financial liability previously recognised in the consolidated statement of financial position has been derecognised in the current period. The Group has recognised a gain on settlement of put option over non-controlling interests amounting to AED 15,689 thousands in the interim consolidated income statement.

23 ACCOUNTS PAYABLE AND ACCRUALS

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Trade payables	**208,431**	99,126
Accrued expenses	**743,209**	779,445
Interest payable	**41,299**	7,616
Other payables	**42,107**	51,274
	1,035,046	937,461

Included in the trade payables is an amount of AED 116 thousands (31 December 2018: AED 163 thousands) due to related parties (note 15(b)).

24 COMMITMENTS AND CONTINGENCIES

Commitments

At 30 September 2019, the Group had commitments of AED 884,885 thousands (31 December 2018: AED 878,729 thousands) which includes project commitments of AED 638,687 thousands (31 December 2018: AED 500,478 thousands). This represents the value of contracts issued as at reporting date net of invoices received and accruals made as at that date.

Operating lease commitments - Group as lessor

The Group leases out its properties under operating leases as a lessor. The future minimum lease payments receivable (base rent) under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	30 September 2019 AED'000	*31 December 2018 AED'000 (Audited)*
Within one year	**2,509,403**	2,533,472
After one year but not more than five years	**4,518,468**	4,922,800
More than five years	**801,250**	677,204
	7,829,121	8,133,476

24 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments - Group as lessor (continued)

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 September 2019 was AED 273,973 thousands (period ended 30 September 2018: AED 263,233 thousands).

Legal claims

As at 30 September 2019, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 20,181 thousands (31 December 2018(audited): AED 2,265 thousands). Based on the advice of legal advisors, outcome of these claims will have no material adverse impact on the interim condensed consolidated financial statements of the Group.