DXB ENTERTAINMENTS
DREAMS WITHOUT BOUNDARIES

DXB Entertainments PJSC and its Subsidiaries

Condensed consolidated interim financial statements

For the period ended 30 September 2019

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Review report on condensed consolidated interim financial statements to the shareholders of DXB Entertainments PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of DXB Entertainments PJSC ("the Company") and its subsidiaries (together, "the Group") as at 30 September 2019, the related condensed consolidated interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statement of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ('IAS34'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
13 November 2019

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

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

	Notes	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
ASSETS			
Property and equipment	6	**7,821,815**	8,087,357
Investment properties	7	**496,996**	511,908
Investment accounted for using the equity method	8	**53,007**	53,668
Inventories		**23,934**	23,242
Due from related parties	9	**22,860**	19,982
Trade and other receivables	10	**107,453**	158,813
Derivative financial instruments	11	**6,466**	71,165
Term deposits	12	**100,000**	-
Cash and bank balances	13	**1,154,864**	1,782,610
Total assets		**9,787,395**	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	11	**(2,050)**	71,165
Accumulated losses		**(5,019,359)**	(4,312,151)
Net equity		**3,044,221**	3,824,644
Liabilities			
Convertible bond – liability component	15	**1,269,230**	1,189,930
Bank facilities	16	**3,962,048**	3,940,804
Due to related parties	9	**60,492**	1,400
Trade and other payables	17	**1,398,162**	1,674,505
Provisions	18	**44,726**	77,462
Derivative financial instruments	11	**8,516**	-
Total liabilities		**6,743,174**	6,884,101
Total equity and liabilities		**9,787,395**	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 interim financial statements.

Condensed consolidated interim statement of profit or loss and other comprehensive income for the nine month period ended 30 September 2019

	Notes	Three month period ended 30 September * 2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	Nine month period ended 30 September * 2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)
Revenue	19	**77,722**	102,590	**329,671**	391,619
Salaries, depreciation and other expenses	20	**(225,270)**	(269,388)	**(698,908)**	(822,743)
Other direct costs	21	**(7,903)**	(13,968)	**(31,849)**	(51,300)
Marketing and selling expenses		**(11,131)**	(17,005)	**(43,416)**	(66,577)
Finance costs	22	**(107,987)**	(91,167)	**(310,521)**	(252,577)
Finance income	23	**4,962**	8,283	**36,989**	23,725
Non-operating income - net	24	**1,725**	5,847	**2,180**	34,184
Share of loss of investment accounted for using the equity method	8	**(329)**	(37)	**(661)**	(157)
Loss for the period		**(268,211)**	(274,845)	**(716,515)**	(743,826)
Other comprehensive (loss) / income					
Cash flow hedge – (loss) / gain on fair value		**(8,910)**	6,138	**(73,215)**	56,790
Total comprehensive loss for the period		**(277,121)**	(268,707)	**(789,730)**	(687,036)
Loss per share:					
Basic and diluted loss per share (AED)	25	**(0.034)**	(0.034)	**(0.090)**	(0.093)
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	26	**(70,094)**	(75,821)	**(151,155)**	(173,868)

* The comparatives have been restated to reflect the impact of IFRS 16 on the period ended 30 September 2018 (Note 31)

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

Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 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	7,999,913	-	53,953	(1,769,122)	6,284,744
Convertible bond – equity component	-	50,725	-	-	50,725
*Loss for the period **	-	-	-	*(743,826)*	*(743,826)*
Other comprehensive income for the period	-	-	*56,790*	-	*56,790*
Total comprehensive income / (loss) for the period	-	-	*56,790*	*(743,826)*	(687,036)
As at 30 September 2018 (Reviewed)	**7,999,913**	**50,725**	**110,743**	**(2,512,948)**	**5,648,433**
As at 1 January 2019 (Audited)	7,999,913	65,717	71,165	(4,312,151)	3,824,644
Loss for the period	-	-	-	*(716,515)*	*(716,515)*
Other comprehensive loss for the period	-	-	*(73,215)*	-	*(73,215)*
Total comprehensive loss for the period	-	-	(73,215)	(716,515)	(789,730)
Transaction with a shareholder (Note 9)	-	-	-	9,307	9,307
As at 30 September 2019 (Reviewed)	**7,999,913**	**65,717**	**(2,050)**	**(5,019,359)**	**3,044,221**

* The comparatives have been restated to reflect the impact of IFRS 16 on the period ended 30 September 2018 (Note 31)

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

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

	Nine month period ended 30 September *	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)
Cash flows from operating activities		
Loss for the period	**(716,515)**	(743,826)
Adjustments for:		
Depreciation of property and equipment and investment properties	**293,689**	359,008
Finance costs	**310,521**	252,577
Finance income	**(36,989)**	(23,725)
Gain on transfer of land to investment accounted for using the equity method	**-**	(17,034)
Impairment of trade receivables	**14,807**	6,487
Provision for employees' end-of-service indemnity	**2,946**	2,966
Share of loss of investment accounted for using the equity method	**661**	157
(Reversal) / provision for slow-moving inventory	**(867)**	4,101
Gain on disposal of property and equipment	**-**	(144)
Operating cash flows before changes in working capital	**(131,747)**	(159,433)
Decrease / (increase) in trade and other receivables	**32,407**	(40,913)
Decrease in inventories	**175**	6,400
(Decrease) / increase in trade and other payables, excluding project accruals and retentions payable	**(38,963)**	35,759
Movement in balances due from / to related parties	**(3,880)**	10,297
Cash used in operating activities	**(142,008)**	(147,890)
Employees' end-of-service indemnity paid	**(2,683)**	(1,890)
Net cash used in operations	**(144,691)**	(149,780)
Cash flows from investing activities		
Property and equipment, net of project accruals and retentions payable	**(199,214)**	(308,137)
Investment properties, net of project accruals and retentions payable	**-**	(1,444)
Interest received	**20,294**	22,355
Utilisation of provision	**(31,874)**	-
(Increase) / decrease in long term deposits	**(100,000)**	325,000
Proceeds from sale of property and equipment	**-**	359
Net cash (used in) / generated from investing activities	**(310,794)**	38,133
Cash flows from financing activities		
Payment for finance costs	**(169,081)**	(207,770)
Decrease / (increase) in restricted cash	**236**	(80,991)
Payment for finance lease	**(3,180)**	(32,507)
Proceeds from issue of convertible bond	**-**	540,000
Proceeds of loan from related parties	**-**	150,000
Net cash (used in) / generated from financing activities	**(172,025)**	368,732
Net (decrease) / increase in cash and cash equivalents	**(627,510)**	257,085
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)	**985,491**	1,267,219
Significant non-cash transaction:		
Transfer of land to investment accounted for using the equity method	**-**	36,448

* The comparatives have been restated to reflect the impact of IFRS 16 on the period ended 30 September 2018 (Note 31)

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

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

Due to the seasonal nature of the Group's business, higher revenues and therefore improved financial performance is expected in the first and the fourth quarters of the financial year, as compared to the second and third quarters. Hence results for the period from 1 January 2019 to 30 September 2019 are not indicative of the results that may be expected for the financial year ending 31 December 2019.

The condensed consolidated interim financial statements include the following subsidiaries:

Name of subsidiary	Place of Incorporation	Date of Incorporation	Ownership Percentage Legal	Ownership Percentage 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 condensed consolidated interim 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 as permitted under IFRS 16, which requires the recognition of the cumulative effect of initially applying IFRS 16 to the retained earnings without restating 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 interim financial statement line items affected by the application of IFRS 16 for the nine month period ended 30 September 2018 is disclosed in note 31.

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

The following new and revised IFRSs became effective for annual periods beginning on or after 1 January 2019 and have been adopted in these condensed consolidated interim financial statements:

- 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 and Errors*, 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
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 an 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 interim financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments will not have a material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

3. Summary of significant accounting policies

Statement of compliance

These condensed consolidated interim 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 U.A.E. Companies law.

Basis of preparation

The condensed consolidated interim 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 condensed consolidated interim financial statements do 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.

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

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

The accounting policies used in the preparation of these condensed consolidated interim 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 interim 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 interim financial statements. The Group incurred a net loss of AED 717 million in the nine month period ended 30 September 2019 (30 September 2018: AED 744 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 of these condensed consolidated interim financial statements, management has considered the following:

- Availability of cash and resultant utilisation associated with the prior year issuance of the convertible bonds;
- Utilisation of residual cash from the Phase I development of Dubai Parks and Resorts and negotiation of long-term payment plans for outstanding commitments;
- Utilisation of residual cash following shareholder approval for the reutilisation of assets and remaining proceeds from the rights issue; and
- Current 12-month cash flow projections.

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

- Cost optimisation measures introduced as part of an efficiency plan mandated by the Board of Directors; and
- Increased international tourist market penetration and growth in number of available hotel rooms at Dubai Parks and Resorts.

Management is of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the condensed consolidated interim financial statements as at 30 September 2019. Accordingly, no adjustments have been made to the condensed consolidated interim 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 interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (including its Subsidiaries). Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed are included in the condensed consolidated interim 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.

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

3. Summary of significant accounting policies (continued)

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 the condensed consolidated interim statement of profit or loss and other comprehensive income when incurred.

Depreciation is charged so as to write-down 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, which are 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.

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-down 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, which are as follows:

	Years
Land	No depreciation
Building, infrastructure and other equipment	5 - 40

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

3. Summary of significant accounting policies (continued)

Investment property (continued)

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

Financial instruments

Financial assets and financial liabilities are recognised in the Group's condensed consolidated interim statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows from payments of principal and interest on the principal amount outstanding are subsequently measured at amortised cost.

Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets are subsequently measured at fair value through other comprehensive income (FVTOCI).

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL). However, on initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments are classified as FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. When a trade receivable is uncollectible, it is written off against the provisions. Subsequent recoveries of amounts previously written off are credited against the provisions. Changes in the carrying amount of the allowance account are recognised in condensed consolidated interim statement of profit or loss and other comprehensive income.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the condensed consolidated interim statement of profit or loss and other comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

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

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments issued by Group

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

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

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities
Other financial liabilities including trade and other payables (excluding rental and other advances) and due to related parties are initially measured at fair value, net of transaction costs.

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

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in statement of profit or loss and other comprehensive income.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group entered into interest rate swaps that had similar critical terms as the hedged item, including reference rate, reset dates, payment dates, maturities and notional amount. The Group performs a qualitative assessment of the effectiveness and uses the hypothetical derivative method to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness may occur due to: the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan or due to differences in critical terms between the interest rate swaps and loans. There was no recognised ineffectiveness during the period ended 30 September 2019 or the comparative period in relation to the interest rate swaps.

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 interim 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 and 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.

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

3. Summary of significant accounting policies (continued)

Convertible bond (continued)

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 or deficit recognised under equity.

Interest related to the financial liability is recognised in the condensed consolidated interim 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 obligations completed to date.

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

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

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 interim 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.

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

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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 income from operating leases is recognised in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the lease. When the Group provides short term lease incentives to its customers, the cost of incentives is recognised as a reduction in lease 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 is recognised using the effective interest method. It is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all related conditions. Grants are recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the expense that they are intended to compensate. These Grants are netted off against 'Salaries and other employee benefits' in the statement of profit or loss and other comprehensive income.

4. Critical accounting judgment and key sources of estimation uncertainty

The preparation of the Group's condensed consolidated interim 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 interim 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.

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 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.

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

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

Impairment of assets (continued)

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 approximates the carrying amount and accordingly no additional impairment is recorded as at 30 September 2019.

Key assumptions used in the value in use calculation are as follows:

	2018
Long term growth rate	3.0%
Discount rate	9.5%

As at 31 December 2018, if the discount rate used was 0.2% higher, with all other variables held constant, the impairment loss would increase by AED 334 million, if the discount rate used was 0.2% lower, with all other variables held constant, the impairment loss would reduce by AED 260 million.

As at 31 December 2018, if the long-term growth rate used was 0.2% lower, with all other variables held constant, the impairment loss would increase by AED 179 million, if the long-term growth rate used was 0.2% higher, with all other variables held constant, the impairment loss would reduce by AED 191 million.

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.

Classification of LL Dubai Hotel LLC as a joint venture
LL Dubai Hotel LLC is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. The Group owns 60% of the joint venture, however, the Group along with its joint venture partner have joint control of the arrangement and have rights to the net assets of the joint venture. Accordingly, LL Dubai Hotel LLC is classified as a joint venture of the Group (Note 8).

Fair value measurements and valuation processes
Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 7.

5. Segment information

An operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs expenses. The Group currently determines and presents financial information as a single operating segment based on the information that is provided internally to the Chief Executive Officer for decision making, who is also the Chief Operating Decision Maker.

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 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 (Restated)	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 an equity accounted investee	(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	-	5,636	6,596	4,616	2,289	-	-	56,863	76,000
Finance lease amendment (a)	-	-	(62,765)	-	-	-	-	-	(62,765)
As at 30 September 2019	**1,158,496**	**6,009,282**	**1,104,397**	**1,064,226**	**120,509**	**4,861**	**252,496**	**774,189**	**10,488,456**
Accumulated depreciation and impairment									
As at 1 January 2018 (Restated)	-	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	-	128,106	96,932	38,320	9,066	705	5,648	-	278,777
As at 30 September 2019	**75,799**	**1,281,768**	**516,877**	**242,173**	**56,256**	**3,891**	**47,299**	**442,578**	**2,666,641**
Carrying amount At 30 September 2019	**1,082,697**	**4,727,514**	**587,520**	**822,053**	**64,253**	**970**	**205,197**	**331,611**	**7,821,815**
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 interim financial statements for the nine month period ended 30 September 2019 (continued)

6. Property and equipment (continued)

(a) During the period the Group entered into a renegotiated finance lease agreement and as a result:

- The repayment term of the outstanding lease obligation was extended by 3 years; and
- The original contractual value was reduced by AED 31 million related to unutilised amounts.

Accordingly, the finance lease asset has been adjusted with a corresponding impact on the related finance lease liability and a gain which has been recorded as non-operating income (Note 24).

(b) Certain property and equipment assets including Land, Buildings and Rides and attractions are pledged as security for the Group's bank facilities (Note 16).

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 30 September 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	-	14,912	14,912
As at 30 September 2019	**-**	**57,989**	**57,989**
Carrying amount			
At 30 September 2019	**108,328**	**388,668**	**496,996**
At 31 December 2018	108,328	403,580	511,908

Certain investment properties are pledged as security for the Group's bank facilities (Note 16).

8. Investment accounted for using the equity method

During 2017, the Group invested in the share capital of LL Dubai Hotel LLC which is accounted for as an investment in a joint venture under the equity method. 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:

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
At 1 January	**53,668**	17,429
Share of losses recognised during the period/year	**(661)**	(209)
Transfer of land [Note 9]	**-**	36,448
	53,007	53,668

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

9. 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:

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Due from related parties		
Due from Parent Company	**13,727**	12,920
Due from an investment accounted for using the equity method	**7,405**	7,005
Due from subsidiaries of Parent Company	**53**	57
Due from joint ventures of Parent Company	**1,675**	-
	22,860	19,982
Due to related parties		
Due to a subsidiary of Parent Company	**60,094**	-
Due to joint ventures of Parent Company	**398**	1,400
	60,492	1,400

a) The Group enters into related party transactions on mutually agreed 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) During the year ended 31 December 2018, the Group transferred land to its joint venture at a fair value of AED 62 million.

c) During the period, the Group entered into a transaction with its Parent Company for the settlement of a third party phase I infrastructure contract amounting to AED 104 million. According to the terms, this amount is repayable over 10 years and has been recognised at a net present value of AED 57 million. An amount of AED 9.3 million has been recognised as a transaction with a shareholder in the condensed consolidated interim statement of changes in equity, representing the variance in the extinguishment of the previous liability and recognition of the new liability.

Key management remuneration

	Nine month period ended 30 September 2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)
Short term benefits	**9,237**	9,552
Long term benefits	**176**	215
	9,413	9,767

10. Trade and other receivables

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Trade receivables	**65,372**	70,401
Impairment of trade receivables	**(26,283)**	(11,408)
	39,089	58,993
Prepayments and other receivables	**35,922**	55,005
Advances to contractors	**31,178**	39,804
Interest receivable	**1,264**	5,011
	107,453	158,813

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

10. Trade and other receivables (continued)

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 of trade receivables of AED 26 million (31 December 2018: AED 11 million). The provision has been determined based on assumptions on 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.

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Movement in impairment of trade receivables		
As at 1 January	**11,408**	-
Expected credit loss charge for the period/year	**14,875**	11,408
	26,283	11,408

11. Derivative financial instruments

	30 September 2019 (Reviewed)		
	Positive fair value AED'000	**Negative fair value AED'000**	**Notional amount AED'000**
Interest rate swaps	**6,466**	**8,516**	**2,772,300**

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

The Group entered into interest rate swaps ('IRS') in relation to 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 (Note 28).

12. Term deposits

Deposits amounting to AED 100 million (31 December 2018: AED Nil) are held with banks and have maturity periods of more than three months from the reporting date. The deposits earn average interest rates ranging from 2% to 3% (31 December 2018: 2% to 3%) per annum.

13. Cash and bank balances

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Cash on hand	**2,901**	3,229
Cash at bank	**1,151,963**	1,779,381
Cash and bank balances	**1,154,864**	1,782,610
Less: Restricted cash	**(169,373)**	(169,609)
Cash and cash equivalents	**985,491**	1,613,001

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.

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

14. Share capital

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Authorised capital 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	**7,999,913**	7,999,913

15. Convertible bond

	30 September 2019 AED'000 (Reviewed)	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	**79,300**	38,843
	1,334,947	1,255,647
Less: Residual value of equity component	**(65,717)**	(65,717)
Carrying amount of liability component	**1,269,230**	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 fully issued convertible bond has a maturity date of 30 June 2026 and carries a coupon of 8 per cent per annum compounded quarterly (effective interest rate of 8.3%) 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 during the period beginning 1 January 2021 and ending on 31 December 2024. Up until the maturity of the bond on 30 June 2026, 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.

16. Bank facilities

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Term loans	**4,158,026**	4,158,026
Gross borrowing costs	**306,466**	306,392
Less: cumulative amortisation	**(110,488)**	(89,170)
Un-amortised borrowing costs	**195,978**	217,222
Carrying amount	**3,962,048**	3,940,804

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

16. Bank facilities (continued)

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Later than 1 year and not longer than 2 years	**159,936**	-
Later than 2 years and not longer than 5 years	**1,025,187**	819,989
Later than 5 years	**2,972,903**	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 which were fully utilised as at 30 September 2019 (31 December 2018: AED 4.2 billion).

b) The term loan in respect of the Phase I development of AED 4.2 billion has been fully drawn and has a maturity date of 30 June 2026. During the year ended 31 December 2018, the Group received a 3-year moratorium on principal repayments and covenant testing with no change in interest rate from its Phase I syndicated term loan financiers. Subsequent to the 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 30 September 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 22 million (31 December 2018: AED 46 million). The letters of credit are secured by way of 100% cash margin.

17. Trade and other payables

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Trade payables	**207,664**	228,229
Accrued expenses	**410,816**	507,428
Retentions payable	**242,310**	244,817
Obligations under lease agreements	**426,607**	526,508
Rental and other advances	**25,940**	32,312
Deferred revenue	**31,033**	41,869
Other liabilities	**53,792**	93,342
	1,398,162	1,674,505

18. Provisions

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Provision for other liabilities (a)	**37,325**	70,324
Employees' end-of-service benefits (b)	**7,401**	7,138
	44,726	77,462

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

18. Provisions (continued)

(a) Provision for other liabilities

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Balance at the beginning of the period/year	**70,324**	-
Charge for the period/year	**-**	70,324
Amounts utilised during the period/year	**(32,999)**	-
Balance at the end of the period/year	**37,325**	70,324

(b) Employees' end-of-service benefits

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Balance at the beginning of the period/year	**7,138**	5,280
Charge for the period/year	**2,946**	3,928
Amounts paid during the period/year	**(2,683)**	(2,070)
Balance at the end of the period/year	**7,401**	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 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)
Admission revenue	**30,518**	41,397	**137,625**	165,818
Sponsorship revenue	**13,288**	17,932	**47,701**	53,228
Sales of food and beverage	**11,218**	16,118	**50,450**	59,726
Accommodation revenue	**10,831**	13,094	**42,512**	45,594
Sale of merchandise	**5,157**	7,391	**24,071**	30,613
Lease revenue	**3,217**	2,723	**11,145**	16,686
Management fees	**1,197**	1,288	**3,849**	3,863
Other	**2,296**	2,647	**12,318**	16,091
	77,722	102,590	**329,671**	391,619

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

20. Salaries, depreciation and other expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	**2019 AED'000 (Reviewed)**	2018 AED'000 (Reviewed)
Salaries and other employee benefits*	**57,469**	71,569	**180,743**	223,384
Depreciation [Note 6 and 7]	**96,817**	116,576	**293,689**	359,008
Utility charges	**19,646**	21,333	**50,297**	53,330
Management and royalty fees	**13,065**	13,841	**41,555**	43,202
Repairs and maintenance	**11,100**	11,591	**34,117**	39,868
Supplies, communication and IT expenses	**8,583**	8,553	**27,185**	28,238
Rent expense	**-**	8,423	**16,754**	29,358
Impairment of trade receivables	**4,882**	2,392	**14,875**	6,487
Outsourced entertainment and music	**4,392**	1,385	**12,213**	4,032
Other	**9,316**	13,725	**27,480**	35,836
	225,270	269,388	**698,908**	822,743

* includes pension contributions for U.A.E. citizens that are made by the Group in accordance with Federal Law No. 7 of 1999 and partially offset by contributions from the Parent towards the salaries and other employee benefits of U.A.E. citizens.

21. Other direct costs

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	**2019 AED'000 (Reviewed)**	2018 AED'000 (Reviewed)
Food and beverage	**3,715**	4,615	**14,734**	16,473
Merchandise	**2,477**	4,058	**10,888**	14,512
Other	**1,711**	5,295	**6,227**	20,315
	7,903	13,968	**31,849**	51,300

22. Finance costs

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	**2019 AED'000 (Reviewed)**	2018 AED'000 (Reviewed)
Interest on term loan	**56,907**	56,317	**169,891**	164,171
Interest on convertible bond / SSL	**27,301**	14,852	**79,300**	29,397
Interest on leases	**11,301**	11,644	**34,453**	35,447
Amortisation of borrowing costs	**7,319**	8,354	**21,718**	23,562
Interest on long-term liabilities	**5,159**	-	**5,159**	-
	107,987	91,167	**310,521**	252,577

23. Finance income

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	**2019 AED'000 (Reviewed)**	2018 AED'000 (Reviewed)
Discounting impact of a long-term liability	**1,052**	-	**20,441**	-
Interest on deposits	**3,910**	8,283	**16,548**	23,725
	4,962	8,283	**36,989**	23,725

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

24. Non-operating income - net

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	**2019 AED'000 (Reviewed)**	2018 AED'000 (Reviewed)
Gain on transfer of land to an equity accounted investee	**-**	-	**-**	17,034
Reimbursement of municipality tax	**563**	1,338	**3,625**	5,612
One time employee related provisions *	**(8,178)**	(568)	**(11,572)**	(1,796)
Release of deferred liability	**-**	5,077	**-**	15,231
Finance lease amendment	**9,340**	-	**9,340**	-
Other non-operating income / (expense)	**-**	-	**787**	(1,897)
	1,725	5,847	**2,180**	34,184

* During the period the Board of Directors approved the Groups efficiency and cost optimisation plan for which the associated costs are recognised and disclosed as "One time employee related provisions" under non-operating expenses. The Group expects to fully settle these amounts over the next 12 months.

25. 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 30 September		Nine month period ended 30 September	
	2019 (Reviewed)	2018 (Reviewed)	**2019 (Reviewed)**	2018 (Reviewed)
Loss attributable to equity holders of the Company (in AED '000)	**(268,211)**	(274,845)	**(716,515)**	(743,826)
Weighted average number of shares (in '000)				
Outstanding at the beginning of the period	**7,999,913**	7,999,913	**7,999,913**	7,999,913
Issue of new shares	**-**	-	**-**	-
Outstanding at the end of the period	**7,999,913**	7,999,913	**7,999,913**	7,999,913
Basic and dilutive loss per share (in AED)	**(0.034)**	(0.034)	**(0.090)**	(0.093)

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

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

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

Management presents 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, finance income, 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 is as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 AED'000 (Reviewed)	2018 AED'000 (Reviewed)	**2019 AED'000 (Reviewed)**	2018 AED'000 (Reviewed)
Loss for the period	**(268,211)**	(274,845)	**(716,515)**	(743,826)
Adjusted for:				
Depreciation	**96,817**	116,576	**293,689**	359,008
Finance costs	**107,987**	91,167	**310,521**	252,577
Finance income	**(4,962)**	(8,283)	**(36,989)**	(23,725)
EBITDA	**(68,369)**	(75,385)	**(149,294)**	(155,966)
Non-recurring income (net)	**(1,725)**	(436)	**(1,861)**	(17,902)
Adjusted EBITDA	**(70,094)**	(75,821)	**(151,155)**	(173,868)

27. Commitments and contingent liabilities

(a) Commitments

Commitments for services received in relation to development and construction of assets classified under property and equipment amounted to AED 0.1 billion as at 30 September 2019 (31 December 2018: AED 0.6 billion).

(b) Lease rentals - Group as a Lessee

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	30 September 2019 AED'000	31 December 2018 AED'000	**30 September 2019 AED'000**	31 December 2018 AED'000	**30 September 2019 AED'000**	31 December 2018 AED'000
Not later than 1 year	**34,706**	89,655	**31,236**	46,610	**3,470**	43,045
Later than 1 year and no longer than 5 years	**244,595**	355,723	**197,490**	159,915	**47,105**	195,808
Later than 5 years	**1,032,472**	960,057	**656,440**	672,402	**376,032**	287,655
	1,311,773	1,405,435	**885,166**	878,927	**426,607**	526,508

(c) Operating lease rentals - Group as a Lessor

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Not later than 1 year	**28,608**	27,635
Later than 1 year and not longer than 5 years	**11,854**	33,407
	40,462	61,042

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

27. Commitments and contingent liabilities (continued)

(d) Letters of credit

	30 September 2019 AED'000 (Reviewed)	31 December 2018 AED'000 (Audited)
Letters of credit	**22,154**	45,564

28. Fair value of financial instruments

Valuation of financial instruments recorded at fair value is based on quoted market prices and other valuation techniques.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on the present value calculation of the expected future cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 approximates 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.

29. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2018.

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

30. Financial instruments

The following table details the Group's maturity profile for its non-derivative financial assets and liabilities.

Financial Liabilities

30 September 2019	Within 1 year AED'000	Between 1 and 5 years AED'000	Over 5 years AED'000	Carrying amounts AED'000
Convertible bond	-	-	1,269,230	1,269,230
Bank facilities	-	1,185,123	2,972,903	4,158,026
Due to related parties	4,100	16,400	39,992	60,492
Trade and other payables excluding deferred revenue and advances	427,982	764,814	136,339	1,329,135
Provisions	-	44,726	-	44,726
	432,082	2,011,063	4,418,464	6,861,609
31 December 2018				
Convertible bond	-	-	1,189,930	1,189,930
Bank facilities	-	819,989	3,338,037	4,158,026
Due to related parties	-	1,400	-	1,400
Trade and other payables excluding deferred revenue and advances	666,268	771,204	146,522	1,583,994
Provisions	-	77,462	-	77,462
	666,268	1,670,055	4,674,489	7,010,812

Financial Assets

30 September 2019	Within 1 year AED'000	Between 1 and 5 years AED'000	Over 5 years AED'000	Carrying amounts AED'000
Trade and other receivables excluding prepayments and advances	48,686	39,306	-	87,992
Due from related parties	22,860	-	-	22,860
Term deposits	100,000	-	-	100,00
Cash and bank balances	1,154,864	-	-	1,154,864
	1,326,410	39,306	-	1,365,716
31 December 2018				
Trade and other receivables excluding prepayments and advances	76,913	49,134	-	126,047
Due from related parties	19,982	-	-	19,982
Cash and bank balances	1,782,610	-	-	1,782,610
	1,879,505	49,134	-	1,928,639

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

31. Prior period adjustment

Impact on adoption of IFRS 16

The table below shows the impact on the condensed consolidated interim financial statement line items affected by the application of IFRS 16 for the period ended 30 September 2018:

	Three month period ended 30 September 2018			Nine month period ended 30 September 2018		
	As previously reported AED'000	IFRS 16 adjustments AED'000	As reported AED'000	As previously reported AED'000	IFRS 16 adjustments AED'000	As reported AED'000
Salaries, depreciation and other expenses	(272,999)	3,611	(269,388)	(833,577)	10,834	(822,743)
Finance costs	(84,109)	(7,058)	(91,167)	(231,402)	(21,175)	(252,577)
Loss for the period	(271,398)	(3,447)	(274,845)	(733,485)	(10,341)	(743,826)
Total comprehensive loss for the period	**(265,260)**	**(3,447)**	**(268,707)**	**(676,695)**	**(10,341)**	**(687,036)**

32. Events after the balance sheet date

Subsequent to the period end, the Group has entered into a litigation settlement with one of its tenants for the recoverability of long outstanding dues for rental and other related charges. The settlement amounting to AED 37 million has been accounted for as a post balance sheet non-adjusting event in accordance with IAS 10 'Events after reporting period'.

33. Approval of condensed consolidated interim financial statements

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