Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

Emaar Properties PJSC and its Subsidiaries

Consolidated Financial Statements
For the year ended 31 December 2018

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DIRECTORS' REPORT

The Board of Directors of Emaar Properties PJSC (the "Company") and its Subsidiaries (the "Group") has pleasure in submitting the consolidated statement of financial position of the Group as at 31 December 2018 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2018.

Principal activities

The principal activities of the Group during the year ended 31 December 2018 were property investment, development and development management, shopping malls and retail, hospitality, property management and utility services and investment in providers of financial services.

Financial results

The Group has recorded a net profit attributable to the owners of the Parent of AED 6,108 million for the year ended 31 December 2018.

In accordance with the Articles of Association of the Company and UAE Federal Law No. (2) of 2015, an appropriation of AED 611 million is made to a general reserve from the distributable profit of AED 6,108 million. The transfer of profit to statutory reserve has been suspended as the reserve has reached 50% of the paid up share capital.

The Board of Directors of the Company has proposed a cash dividend of 15%, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit after considering appropriation to general reserve and proposed dividend (subject to approval of the shareholders at the Annual General Meeting) will be transferred to retained earnings. Total shareholders' funds as at 31 December 2018 amount to AED 48,534 million prior to proposed dividend.

Outlook for 2019

2018 was a remarkable year where our strategy to sell and build premium real estate assets attracted strong response from regional and international investors creating a significant sales backlog of over AED 48 billion (including joint ventures and joint development agreements) to be recognised over the coming years. We also expanded our malls business to be relevant to changing customer aspirations, highlighted by the expansion of The Dubai Mall, the announcement of Dubai Square in Dubai Creek Harbour and strengthening of omni-channel distribution in retail. In the hospitality business, we aim to be asset-light and focus more on our operational strengths.

The Groups significant backlog and robust development pipeline is the backbone to continue delivering sustainable growth. At the same time Emaar would continuously increase its recurring revenue footprint with expansion of shopping malls and omni-channel presence in retail and addition of new assets to hospitality and entertainment businesses. Adoption of asset light strategy, digital transformation and product innovation coupled with enhancing market reach, ownership mindset and well planned execution and delivery sets the platform for future growth and long-term value creation for shareholders.

DIRECTORS' REPORT (continued)

Directors

Mr. Mohamed Ali Alabbar	(Chairman)
Mr. Jamal Majed Theniyah	(Vice Chairman)
Mr. Ahmed Jamal Jawa	(Director)
Mr. Jassim Al Ali	(Director)
Mr. Ahmad Thani Al Matrooshi	(Director)
Mr. Jamal Al Marri	(Director)
Mr. Arif Obeid Al Dehail	(Director)
Mr. Abdulrahman Hareb Al Hareb	(Director)
Mr. Abdulla Saeed Belyoahah	(Director)

Auditors

Ernst and Young were appointed as external auditors of the Group for the year ended 31 December 2018. The Board of Directors has recommended Ernst and Young as the auditors for 2019 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Mohamed Ali Alabbar
Chairman
Dubai, United Arab Emirates
20 March 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Emaar Properties PJSC ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Key audit matters	How our audit addressed the key audit matters

(i) Revenue recognition on sale of properties

Note 2.4 to the consolidated financial statements includes the accounting policy followed by the Group for recognising revenue on sale of properties.

Group has early adopted IFRS 15 - *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) with effect from 1 January 2015.

The Group recognises revenue both at a point in time and over a period depending on the nature of the contract and the relevant laws and regulations of the jurisdiction in which it has entered the contract with its customers.

Revenue recognition on sale of properties, including villas, apartments, commercial units and plots of land, involves significant inherent risks due to the judgment and estimation involved. Audit of judgments around the percentage of completion of projects including the costs incurred to date against the total cost of the project and the successful completion of the project in the absence of sale of all the units under development was an item requiring significant audit attention, in particular consideration of:

- The ability of the Group to enforce payment for work completed under the terms of its contract thereby meeting the IFRS 15 criteria for revenue recognition over time;
- The total expected cost of completion of the real estate development to which the sold unit belongs;
- The likelihood of collection of the remaining sales consideration;
- The sales incentives or other valuable considerations offered in the sales purchase agreements; and
- The amount of infrastructure costs to be incurred to complete the development as committed.

We reviewed the contracts on a sample basis for sale of real estate units including villas, apartments, commercial units and plots of land to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time based on the criteria specified under IFRS 15. Our focus under these contracts included the determination of whether the Group has enforceable right to payment for performance completed to date in order to satisfy ourselves over the revenue recognition under these contracts.

We performed test of details on a sample basis to determine that the costs incurred on the developments are recorded and capitalised. We also assessed the allocation of these costs to the sold and unsold units based on their relative area in the real estate development projects by review of the project wise summary of the cost allocation prepared by the management.

We evaluated the Group's budget and forecasting accuracy associated with project costs and estimating costs to complete. We assessed project costs to date and estimates for remaining development risks.

In addition, we evaluated the adequacy of the disclosures regarding revenue recognition on sale of properties. Note 2.4 to the consolidated financial statements includes the accounting policy followed by the Group for recognising revenue on sale of properties.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Key audit matters	How our audit addressed the key audit matters
(ii)Accounting for lease rental income	
Lease rental income amounted to AED 3,833 million for the year ended 31 December 2018. Generally, lease revenue is recognised net of discount, in accordance with the terms of lease contracts over the lease term on a straight line basis, using a standard IT system implemented in late 2015. There are several lease arrangements where revenue recognition is not subject to straight line basis accounting due to the nature of the lease arrangements and performance of the lessee. There is an inherent risk around the accuracy of the revenue recorded given the complexity of the IT system and impact of the lease agreements terms to the revenue recognition. Within lease rental income, there are also specific arrangements related to (i) rent income computed by reference to lessee turnover and (ii) tenant incentives and guaranteed rent increases which warrant additional audit focus as they involve high level of management estimates and judgments and hence have an increased inherent risk of error due to the non-standard nature of such transactions.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of international financial reporting standards. We performed test of controls, assisted by our IT specialists, over revenue recognition with specific focus on whether lease income is recorded over the lease term on a straight line basis or other applicable basis as per the terms of the lease contract. We performed tests of details, on a sample basis, to review the lease contracts entered into with the customers to assess whether lease income recorded is as per the contract terms and also to identify any non-standard lease clauses and to assess the appropriateness of the rental income accounting. We assessed the completeness of lease rental income recorded during the year through matching the data used in the revenue recognition to the approved lease agreements with the customers. We also performed detailed substantive analytical procedures of lease rental income and the timing of its recognition. With regards to rental income calculated from lessee turnover, we performed test of controls and matched the working to the reports received from lessees, and where no reports were available, we tested management estimates. For tenant incentives and guaranteed rent increases, we matched them to the lease agreements on a sample basis and tested management estimates. Note 2.4 to the consolidated financial statements includes the accounting policy followed by the Group for recognising lease rental income.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Key audit matters	How our audit addressed the key audit matters
(iii) Impairment review of development properties and property, plant and equipment	
The Group assesses indicators of impairment on its development properties, both for completed projects and projects under development and for property, plant and equipment on an ongoing basis due to the expected volatility in market prices. The Group uses valuations carried out by third party valuers to ascertain the fair valueof these properties. The valuation of the properties involves significant estimation and assumptions. Any variation in the estimation / assumptions used for the valuation of the property could have a material impact on the consolidated financial statements of the Group. In determining a project's valuation the valuers use the Direct Comparison method for completed projects and the Residual Appraisal method for projects under development. The Direct Comparison method involves the analysis of transactions relating to direct comparable units where available and is deemed an appropriate approach to adopt in making an assessment of market value. For projects under development, the value of the project is determined by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The existence of significant estimation uncertainty warrants significant audit attention in this area as the amounts involved are very significant. There were also a number of specific factors affecting the valuations in the year which we considered when making our assessment. Notes 13 and 17 to the consolidated financial statements includes the disclosure of valuation methods and key assumptions used for the fair valuation of the properties.	We involved our internal real estate valuation specialists to review the valuation reports for selected properties and assessed whether the valuation approach and methods used are in accordance with the established standards for valuation of the properties and suitable for use in determining the fair value for the purpose of assessment of impairment loss and disclosure of fair value in the consolidated financial statements. Our internal specialist also assessed the assumptions used by the third party valuers in the valuation process. We have performed audit procedures to assess whether the source data used for the valuation are reasonable by comparing the source data used in the valuation to the management reports, and other procedures to obtain insight into the calculation models used to determine the recoverable value. We have discussed the source data and the related estimation uncertainties with various project officers and management. We also reviewed the disclosures included in the consolidated financial statements regarding the key assumptions which have the highest effect in the determination of the fair value of properties. We compared the investment yields used by the valuers to an estimated range of expected yields. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as discount rates, rate of return etc. Where assumptions were outside the expected range or otherwise unusual, and/or valuations showed unexpected movements, we extended our audit procedures and, when necessary, held further discussions with the management. We also assessed the qualifications and expertise of the valuers and reviewed the terms of their engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fee arrangements between the valuers and other engagements which might exist between the Group and the valuers.

Key audit matters	How our audit addressed the key audit matters

(iv) Discontinued operations – Demerger of operations of Emaar MGF Land Limited

In 2016, the Group filed a scheme of arrangement with the Delhi High Court in India for the demerger of the operations of Emaar MGF Land Limited ('EMGF'). As part of the demerger scheme, the Group agreed to transfer certain assets and liabilities directly associated with those assets to an entity controlled by the other promoter group of EMGF. These assets and liabilities were classified as 'Assets and liabilities classified as held for sale' as required under IFRS 5. During the year, the National Company Law Tribunal in India issued the order for approval of the demerger scheme. Since no further act or deed is to be performed by EMGF to effect the demerger, management concluded that the demerger is effective as on 31 July 2018. Accordingly, assets and liabilities classified as held for sale were transferred to a company controlled by the other promoter group of EMGF. The Group has considered this transfer as a distribution of non-cash assets to the shareholders of EMGF and it has been recorded in accordance with IFRIC 17- *Distribution of non-cash assets to Owners*. We consider the accounting and presentation of the demerger as a key audit matter due to the specific IFRS requirements which have to be met, significant judgement relating to the effective date of the transaction and the impact of the presentation on the consolidated income statement and statements of financial position.	We performed specific audit procedures on distribution of non-cash assets to the Owners in relation to the contractual conditions, stipulations applying to the transfer of control and economic risks, transaction results (gain on distribution of non-cash assets) and the recording of those transactions in the consolidated financial statements. We assessed whether the requirements of IFRS 5 and IFRIC 17 were met for the classification of the identified assets and liabilities of EMGF as discontinued operations and its distribution of non-cash assets to the Owners. We have verified the demerger scheme and the orders received by various authorities in India to determine whether the effective date of the demerger scheme considered by the management is appropriate. We also verified the list of assets and liabilities de-recognised with the Demerger Framework Agreement entered by the parties. We considered the fair value assessment made by management, including an assessment of the key assumptions applied and evaluation of the explanations provided by comparing key assumptions to market data, where available. We further evaluated the disclosures provided by management in the consolidated financial statements compared to applicable accounting standards. Notes 5 (a) to the consolidated financial statements includes the disclosures related to the demerger of EMGF.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Key audit matters	How our audit addressed the key audit matters

(v) Changes in the accounting policy of a subsidiary

Emaar MGF Land Limited ('EMGF') adopted IFRS 15 - *Revenue from Contract with Customers*, with effect from 1 January 2015. Based on the requirements of IFRS 15 and management judgements on timing of revenue recognition, revenue from sale of real estate units in EMGF was recognised over a period of time. Management judgements on the timing of revenue recognition were based on an assessment of the legal and regulatory environment in India at that time. Based on the new Real Estate Regulatory Authority (RERA) rules notified by the Government of India and various states in India, EMGF has reconsidered its judgment as to the timing of revenue recognition and determined that in respect of projects covered by RERA rules, control is transferred at a point in time and therefore revenue should be recognised when the units are completed and handed over to the customers. The Group has assessed the change in the legal and regulatory environment in India and its impact on the accounting for revenue recognition. Based on the requirements of IAS 8 – *Accounting policies, Changes in accounting estimates and Errors,* management has considered to reflect the new accounting policy retrospectively and restated the comparative balances. In view of the material impact on restatement of comparative financial information, and the significant judgement involvement in determining the timing of revenue recognition, we considered this to be an item requiring significant audit attention during the year.	We have assessed the appropriateness of management's judgement of revenue recognition based on the new RERA rules notified by the Government of India. We reviewed the contracts for sale of real estate units including apartments, commercial units and plots of land on a sample basis and assessed whether the management assessment of performance obligations satisfied at a point in time is appropriate under IFRS 15. We instructed the component auditor of EMGF to perform procedures to assess the appropriateness of management judgement on the impact of the change in the legal environment in India and the timing of revenue recognition. We verified reporting received from the component auditor in this regard and assessed the impact thereof on the consolidated financial statements. We also assessed the competence, knowledge and experience of the component auditor. We tested the completeness of the figures used for the restatement by agreeing the amounts to previously audited accounting records. We assessed whether the restatements to the comparative balances have been made correctly in the consolidated financial statements. We also assessed the adequacy of the disclosures related to the changes in accounting policy in Note 2.4 to the consolidated financial statements.

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Other information

Other information consists of the information included in the Directors' Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the articles of association of the Company;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' Report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2018 are disclosed in note 14 to the consolidated financial statements;

vi) note 32 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its articles of association which would materially affect its activities or its financial position as at 31 December 2018; and

viii) note 7 reflects the social contributions made during the year.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No. 687

20 March 2019

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2018

	Notes	*(US$ 1.00 = AED 3.673)* **2018 AED'000**	2017 AED'000 (Restated)*
Revenue	6	**25,694,324**	18,751,970
Cost of revenue	6	**(12,811,621)**	(9,377,905)
GROSS PROFIT		**12,882,703**	9,374,065
Other operating income		**433,281**	394,796
Other operating expenses		**(196,101)**	(184,496)
Selling, general and administrative expenses	7	**(4,386,199)**	(3,377,019)
Finance income	8	**835,872**	639,001
Finance costs		**(1,057,015)**	(733,851)
Gain on distribution of non-cash assets	5(a)	**353,407**	-
Other income		**489,336**	368,642
Share of results of associates and joint ventures	16	**49,678**	134,798
Impairment / write off	13	**(396,216)**	-
PROFIT BEFORE TAX		**9,008,746**	6,615,936
Income tax credit / (expense)	9	**11,031**	(68,022)
PROFIT FOR THE YEAR		**9,019,777**	6,547,914
ATTRIBUTABLE TO:			
Owners of the Parent		**6,108,039**	5,572,427
Non-controlling interests		**2,911,738**	975,487
		9,019,777	6,547,914
Earnings per share attributable to the owners of the Parent:			
- basic and diluted earnings per share (AED)	28	**0.85**	0.78

* Certain amounts shown here do not correspond to the 2017 consolidated financial statements and reflect adjustments made as detailed in Note 2.4

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	(US$ 1.00 = AED 3.673)	
	2018 AED'000	*2017 AED'000 (Restated)**
Profit for the year	**9,019,777**	6,547,914
Other comprehensive income /(loss) to be reclassified to income statement in subsequent periods:		
Increase in hedging reserve	**2,589**	36,346
Reclassification of hedging reserve to consolidated income statement	**(14,593)**	-
Increase in unrealised gains/ (losses) reserve	**3,261**	875
(Decrease) / increase in foreign currency translation reserve	**(796,589)**	342,657
Net other comprehensive income/(loss) to be reclassified to income statement in subsequent periods	**(805,332)**	379,878
Other comprehensive income /(loss) not to be reclassified to income statement in subsequent periods:		
Decrease in unrealised gains /(losses) reserve	**(210,173)**	(24,987)
Realised gain on fair value movement through other comprehensive income	**-**	13,123
Net other comprehensive (loss)/ income not to be reclassified to income statement in subsequent periods	**(210,173)**	(11,864)
Total comprehensive income for the year	**8,004,272**	6,915,928
ATTRIBUTABLE TO:		
Owners of the Parent	**5,418,446**	5,855,123
Non-controlling interests	**2,585,826**	1,060,805
	8,004,272	6,915,928

* Certain amounts shown here do not correspond to the 2017 consolidated financial statements and reflect adjustments made as detailed in Note 2.4

The accompanying notes 1 to 36 forms part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

		(US$ 1.00 = AED 3.673)		
	Notes	***2018*** ***AED'000***	*2017* *AED'000* *(Restated)**	*1 January* *2017* *AED'000* *(Restated)**
ASSETS				
Bank balances and cash	10	**9,494,194**	21,102,536	17,288,535
Trade and unbilled receivables	11	**7,448,529**	2,873,073	2,614,987
Other assets, receivables, deposits and prepayments	12	**14,528,558**	11,075,879	8,047,834
Development properties	13	**38,384,181**	36,721,397	33,724,562
Assets classified as held for sale	5	**3,144,037**	5,966,500	6,033,420
Investments in securities	14	**2,235,774**	1,985,749	1,620,108
Loans to associates and joint ventures	15	**986,966**	727,497	153,709
Investments in associates and joint ventures	16	**4,701,430**	4,723,962	4,609,616
Property, plant and equipment	17	**10,647,628**	11,237,398	9,331,301
Investment properties	18	**19,768,447**	16,596,397	13,785,511
Intangible assets	19	**616,323**	626,959	46,066
TOTAL ASSETS		**111,956,067**	113,637,347	97,255,649
LIABILITIES AND EQUITY				
LIABILITIES				
Trade and other payables	20	**17,970,375**	14,192,549	11,045,599
Advances from customers	21	**13,587,524**	17,884,310	18,722,980
Liabilities directly associated with assets classified as held for sale	5	**722,894**	3,168,694	3,313,163
Retentions payable	22	**1,276,971**	1,033,329	892,404
Interest-bearing loans and borrowings	23	**13,586,401**	14,249,576	10,036,165
Sukuk	24	**7,323,582**	7,318,852	7,314,037
Provision for employees' end-of-service benefits	25	**162,810**	162,707	148,530
TOTAL LIABILITIES		**54,630,557**	58,010,017	51,472,878
EQUITY				
Equity attributable to owners of the Parent				
Share capital	26	**7,159,739**	7,159,739	7,159,739
Employees' performance share program		**(1,684)**	(1,684)	(1,684)
Reserves	27	**16,583,498**	16,662,287	16,218,921
Retained earnings		**24,792,451**	24,136,875	16,451,762
		48,534,004	47,957,217	39,828,738
Non-controlling interests		**8,791,506**	7,670,113	5,954,033
TOTAL EQUITY		**57,325,510**	55,627,330	45,782,771
TOTAL LIABILITIES AND EQUITY		**111,956,067**	113,637,347	97,255,649

The consolidated financial statements were authorised for issue on 20 March 2019 by the Board of Directors and signed on their behalf by:

Chairman

Director

* Certain amounts shown here do not correspond to the 2017 consolidated financial statements and reflect adjustments made as detailed in Note 2.4.

The accompanying notes 1 to 36 forms part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

(US$ 1.00 = AED 3.673)

	Attributable to the owners of the Parent						
	Share capital AED'000	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 31 December 2017	7,159,739	(1,684)	16,698,449	25,212,399	49,068,903	8,522,420	57,591,323
Effect of changes due to restatements (note 2.4)	-	-	(36,162)	(1,075,524)	(1,111,686)	(852,307)	(1,963,993)
Balance at 1 January 2018 *(Restated)**	7,159,739	(1,684)	16,662,287	24,136,875	47,957,217	7,670,113	55,627,330
Profit for the year	-	-	-	6,108,039	6,108,039	2,911,738	9,019,777
Other comprehensive income for the year	-	-	(677,243)	-	(677,243)	(323,669)	(1,000,912)
Reclassification of hedging reserve to consolidated income statement	-	-	(12,350)	-	(12,350)	(2,243)	(14,593)
Total comprehensive income for the year	-	-	(689,593)	6,108,039	5,418,446	2,585,826	8,004,272
Directors' bonus (note 32)	-	-	-	(7,100)	(7,100)	-	(7,100)
Dividend paid to shareholders (note 31)	-	-	-	(4,009,454)	(4,009,454)	-	(4,009,454)
Dividend and directors' bonus of subsidiaries	-	-	-	(4,147)	(4,147)	(536,253)	(540,400)
Acquisition of non-controlling interest	-	-	-	(464)	(464)	(548)	(1,012)
Movement in non-controlling interests	-	-	-	-	-	67,959	67,959
Transfer to reserves (note 27)	-	-	610,804	(610,804)	-	-	-
Transferred on demerger completion	-	-	-	(820,494)	(820,494)	(995,591)	(1,816,085)
Balance at 31 December 2018	7,159,739	(1,684)	16,583,498	24,792,451	48,534,004	8,791,506	57,325,510

* Certain amounts shown here do not correspond to the 2017 consolidated financial statements and reflect adjustments made as detailed in Note 2.4.

The accompanying notes 1 to 36 forms part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2018

(US$ 1.00 = AED 3.673)

	Attributable to the owners of the Parent						
	Share capital AED'000	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2017	7,159,739	(1,684)	16,197,029	17,395,426	40,750,510	6,663,237	47,413,747
Effect of change due to restatement (note 2.4)	-	-	21,892	(943,664)	(921,772)	(709,204)	(1,630,976)
Balance at 1 January 2017 *(Restated)**	7,159,739	(1,684)	16,218,921	1,6451,762	39,828,738	5,954,033	45,782,771
Profit for the year *(Restated)**	-	-	-	5,572,427	5,572,427	975,487	6,547,914
Other comprehensive income for the year *(Restated)**	-	-	269,573	13,123	282,696	85,318	368,014
Total comprehensive income for the year *(Restated)**	-	-	269,573	5,585,550	5,855,123	1,060,805	6,915,928
Non-controlling interest arising on a business combination (note 4)	-	-	-	-	-	182,906	182,906
Dilution of investment in a subsidiary (note 2.1)	-	-	-	3,783,980	3,783,980	958,021	4,742,001
Transfer to reserves (note 27)	-	-	570,429	(570,429)	-	-	-
Initial recognition of put option over non-controlling interests (note 20)	-	-	(396,636)	-	(396,636)	(72,022)	(468,658)
Dividend paid to shareholders	-	-	-	(1,073,961)	(1,073,961)	-	(1,073,961)
Dividend and directors' bonus of subsidiaries	-	-	-	(4,697)	(4,697)	(420,853)	(425,550)
Directors' bonus (note 32)	-	-	-	(35,330)	(35,330)	-	(35,330)
Movement in non-controlling interests	-	-	-	-	-	7,223	7,223
Balance at 31 December 2017 *(Restated)**	7,159,739	(1,684)	16,662,287	24,136,875	47,957,217	7,670,113	55,627,330

* Certain amounts shown here do not correspond to the 2017 consolidated financial statements and reflect adjustments made as detailed in Note 2.4.

The accompanying notes 1 to 36 forms part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	*(US$ 1.00 = AED 3.673)* **2018 AED'000**	*2017 AED'000 (Restated)**
Cash flows from operating activities			
Profit before tax		**9,008,746**	6,615,936
Adjustments for:			
Share of results of associates and joint ventures	16	**(49,678)**	(134,798)
Depreciation	7	**1,200,744**	1,052,088
Amortisation of intangible assets	19	**11,645**	4,419
Provision for employees' end-of-service benefits, net	25	**103**	10,832
Loss on disposal of property, plant and equipment		**14,293**	5,652
Gain on disposal of assets classified as held for sale	5(a) & (d)	**(400,984)**	-
Gain on disposal of investment properties		**(107,959)**	21
Finance costs		**1,057,015**	733,851
Finance income	8	**(835,872)**	(639,001)
Provision for doubtful debts/ impairment and write-off	7,13	**524,121**	76,171
Gain on disposal of an associate		**(5,428)**	-
Cash from operations before working capital changes:		**10,416,746**	7,725,171
Trade and unbilled receivables		**(4,592,350)**	(247,302)
Other assets, receivables, deposits and prepayments		**(3,577,804)**	(2,852,354)
Development properties		**(1,908,018)**	(3,952,543)
Advances from customers		**(4,296,786)**	(845,060)
Trade and other payables		**3,184,902**	2,672,510
Retentions payable		**243,642**	140,925
Assets and liabilities held for sale, net		**995,256**	(62,926)
Income tax, net	9	**(27,326)**	(11,615)
Net cash flows from operating activities		**438,262**	2,566,806
Cash flows from investing activities			
Purchase of securities	14	**(2,684,355)**	(2,183,254)
Proceeds from disposal of securities		**2,218,317**	1,839,578
Proceeds from dilution of investment in Emaar Development PJSC	2.1	**-**	4,824,000
Finance income received		**859,548**	641,342
Dividends received from associates and joint ventures	16	**143,527**	129,242
Additional investments in and loans to associates and joint ventures		**(316,797)**	(680,287)
Amounts incurred on investment properties	18	**(3,656,730)**	(2,919,213)
Proceeds from disposal of investment properties		**193,878**	-
Proceeds from sale of assets held for sale		**14,731**	-
Amounts incurred on property, plant and equipment		**(2,640,975)**	(1,947,162)
Proceeds from disposal of property, plant and equipment		**33,865**	77,442
Purchase of intangible assets		**(1,009)**	-
Deposits maturing after three months (including deposits under lien)	10	**4,330,138**	3,465,781
Net cash and cash eqvilants acquired on acquisition of subsidiary	4	**-**	132,154
Acquisition of a subsidiary	4	**-**	(555,384)
Net cash flows (used in)/ from investing activities		**(1,505,862)**	2,824,239

The accompanying notes 1 to 36 forms part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2018

	Notes	*(US$ 1.00 = AED 3.673)* **2018 AED'000**	*2017 AED'000 (Restated) **
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings	23	**5,238,467**	6,435,566
Dividends paid (including dividends of subsidiaries)		**(4,544,954)**	(1,493,961)
Repayment of interest-bearing loans and borrowings	23	**(5,917,036)**	(2,184,253)
Finance costs paid		**(945,900)**	(834,912)
Directors' bonus paid (including Directors' bonus of a subsidiary)		**(12,000)**	(40,880)
Movement in non-controlling interests		**-**	7,500
Net cash flows (used in)/ from financing activities		**(6,181,423)**	1,889,060
Increase in cash and cash equivalents		**(7,249,023)**	7,280,105
Net foreign exchange difference		**(29,181)**	(323)
Cash and cash equivalents at the beginning of the year		**16,240,882**	8,961,100
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**8,962,678**	16,240,882

* Certain amounts shown here do not correspond to the 2017 consolidated financial statements and reflect adjustments made as detailed in Note 2.4.

1 DOMICILE AND ACTIVITIES

Emaar Properties Public Joint Stock Company (the "Company" or the "Parent") was established as a public joint stock company by Ministerial Decree number 66 in the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group (the "Group"). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates ("UAE"). The shares of the Company are traded on the Dubai Financial Market.

The principal activities of the Group are property investment, development and development management, shopping malls and retail, hospitality, property management and utility services and investments in providers of financial services.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and applicable requirements of the United Arab Emirates Federal law No. (2) of 2015.

The 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. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income (OCI) that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Certain comparative amounts have been reclassified to conform to the presentation used in these consolidated financial statements.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) as at 31 December 2018. 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 consolidated financial statements 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
Subsidiaries (continued)
Share of comprehensive income/ loss within a subsidiary is attributed to the non-controlling interests 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 the consolidated income statement; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

Details of the Company's significant subsidiaries as at 31 December 2018 are as follows:

Subsidiary	Place of incorporation	Principal activities	Percentage of beneficial interest
Emaar Hospitality Group LLC	UAE	Providing hospitality services	100.00%
Emaar Properties Gayrimenkul Gelistirme Anonim Sirketi	Republic of Turkey ("Turkey")	Property investment and development	100.00%
Emaar Libadiye Gayrimenkul Gelistirme A.S.	Republic of Turkey ("Turkey")	Property investment and development, development of retail, shopping malls and hospitality assets	100.00%
Emaar Entertainment LLC	UAE	Leisure and entertainment activities	100.00%
Emaar Hotels & Resorts Group	UAE	Providing hospitality services	100.00%
Manarat Al Manzil Real Estate Investment Limited (LLC)	Kingdom of Saudi Arabia ("KSA")	Property investment and development	92.20%
Emaar Misr for Development SAE	Arab Republic of Egypt ("Egypt")	Property investment and development	88.74%
Emaar Malls PJSC (formerly Emaar Malls Group PJSC)	UAE	Retail development and management of shopping malls	84.63%
Emaar Development PJSC	UAE	Property development and development management	80.00%
Emaar Middle East LLC	Kingdom of Saudi Arabia ("KSA")	Property investment and development	61.00%
Emaar MGF Land Limited	India	Property investment and development	57.33%

On 20 November 2017, the Group sold 800,000,000 shares (face value of AED 1 per share) of Emaar Development LLC ("ED LLC"), representing 20% of the Group's investment in ED LLC, through a secondary offering of shares in an Initial Public Offering ("IPO") and raised AED 4,824,000 thousands. As per IFRS 10 - *Consolidated Financial Statements*, profit on sale of ED LLC's shares of AED 3,783,980 thousands (net of direct costs incurred) has been recognised directly in the retained earnings as an equity transaction. Subsequent to the IPO, ED LLC has been established as a public joint stock company under the name Emaar Development PJSC ("ED"). The shares of ED were listed on the Dubai Financial Market ("DFM") and trading of shares commenced on DFM from 22 November 2017.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
Associated companies and joint ventures
Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's investments in associated companies and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associated companies and joint ventures are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associated and joint venture companies, less any impairment in value.

The consolidated income statement reflects the Group's share of results of its associates and joint ventures. Unrealised profits and losses resulting from transactions between the Group and associated companies and its joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures.

Special purpose entities
Special purpose entities are entities that are created to accomplish a narrow and well-defined objectives. The financial information of special purpose entities is included in the Group's 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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments and estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

Judgments
Satisfaction of performance obligations
The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices
The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Revenue recognition for leases

Rental income arising from operating leases on investment properties is recognised, net of discount, 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 leased asset.

Revenue recognition for turnover rent

The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses.

Classification of investment properties

The Group determines whether a property qualifies as investment property in accordance with IAS 40 *Investment Property*. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. The Group has determined that hotels and serviced apartment buildings owned by the Group are to be classified as part of property, plant and equipment rather than investment properties since the Group also operates these assets.

Transfer of real estate assets from property, plant and equipment to development properties

The Group sells real estate assets in its ordinary course of business. When the real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Operating lease commitments - Group as lessor

The Group has entered into commercial and retail property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*.

Consolidation of subsidiaries

The Group has evaluated all the investee entities including special purpose entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 *Consolidated Financial Statements*. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

Estimations and assumptions

Valuation of investment properties

The Group hires the services of third party professionally qualified valuers to obtain estimates of the market value of investment properties using recognised valuation techniques for the purposes of their impairment review and disclosures in the consolidated financial statements.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Impairment of trade, unbilled receivables and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Effective 1 January 2018, amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied based on expected credit losses on such receivables. Until 31 December 2017, impairment was assessed and provision applied according to the length of the time past due.

Useful lives of property, plant and equipment, investment properties and intangible assets

The Group's management determines the estimated useful lives of its property, plant and equipment, investment properties and intangible assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation / amortisation method to ensure that the method and period of depreciation / amortisation are consistent with the expected pattern of economic benefits from these assets.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Taxes

The Group is subject to income and capital gains taxes in certain jurisdictions. Significant judgment is required to determine the total provision for current and deferred taxes. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

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

The accounting policies adopted in the preparation of the 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 2017, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2018. Although these new standards and amendments apply for the first time in 2018, they do not have a material impact on the consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group early adopted IFRS 9- Phase 1 *Classification and Measurement of Financial Instruments* in the prior years, and adopted the other two aspects of IFRS 9 namely, Impairment and Hedge accounting from 1 January 2018 with the initial application date of 1 January 2018. With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 - Impairment retrospectively. The effect of adopting IFRS 9 is, as follows:

Impairment

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

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through profit or loss (FVPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and unbilled receivables 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 matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against trade and unbilled receivables, other receivables, loans and investment in debt securities and concluded that there was no material impact on the consolidated financial statements.

Hedge accounting

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

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. The Group currently only has a hedge of financial assets and liabilities. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group has no share-based payment transactions therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Standards, amendments and interpretations in issue but not effective

At the date of authorisation of these consolidated financial statements, other than the standards and interpretations adopted by the Group (as described above) the following standards, amendments and interpretations were in issue but not yet effective.

IFRS16, IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Impact assessment of IFRS 16 Leases

Management is in the process of assessing the impact of IFRS 16 to the Group's consolidated financial statements. The application of the IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practical to provide a reasonable estimate of effects of the application of the standards until the Group completes a detailed review.

IFRS10, IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively). The Group will apply these amendments when they become effective;

IFRS 17 Insurance Contracts - IFRS 17 will replace IFRS 4 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17);

IFRIC 23 Uncertainty over Income Tax Treatment - IFRIC Interpretation 23 - An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

IFRS 9 Prepayment Features with Negative Compensation - Amendments to IFRS 9 - 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 the 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.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Standards, amendments and interpretations in issue but not effective (continued)

IAS 19 Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 - The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

IAS 28 Long-term interests in associates and joint ventures - Amendments to IAS 28 - 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 should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)
These improvements include:

- IFRS 3 Business Combinations - Clarification 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. (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted);
- 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 3.The amendments clarify that the previously held interests in that joint operation are not remeasured. (effective for annual reporting periods beginning on or after 1 January 2019);
- 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. (effective for annual reporting periods beginning on or after 1 January 2019, with early application is permitted);
- 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 (effective for annual reporting periods beginning on or after 1 January 2019, with early application is permitted);
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective for annual reporting periods beginning on or after 1 January 2019).

The Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future consolidated financial statements of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
The Group has adopted IFRS 15 and has applied the following accounting policy in the preparation of its consolidated financial statements.

Revenue from contracts with customers
The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract(s) 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 every contract that must be met.
Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or 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 amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or 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 the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

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

Lease to buy scheme
Sales under the lease to buy scheme are accounted for as follows:
- Rental income during the period of lease is accounted for on a straight-line basis until such time the lessee exercises its option to purchase;
- When the lessee exercises its option to purchase, a sale is recognised in accordance with the revenue recognition policy for sale of property as stated above; and
- When recognising the sale, revenue is the amount payable by the lessee at the time of exercising the option to acquire the property.

Rental income from lease of investment property
Rental income arising from operating leases on investment properties is recognised, net of discount, 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 leased asset.

Interest income
Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Development services
Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Customer loyalty programme
The Group operates a loyalty points programme, 'U by Emaar', which allows customers to accumulate points when they spend in any of the Group's hotel or leisure units. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and prior period errors
Based on the new Real Estate Regulatory Authority (RERA) rules promulgated by the Government of India and various states in India, management has re-evaluated its judgement on timing of revenue recognition during the year. Accordingly, management determined that in respect to projects covered by RERA rules control over real estate units is transferred to the customers at a point in time and revenue should be recognised when units are completed and handed over.

Based on the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, management has considered the effect of the new accounting policy retrospectively and restated the comparative balances.

Subsequent to finalisation of accounting for a business combination in 2016, certain errors were identified which are adjusted in the consolidated financial statement by restating the comparative balance in accordance with the requirements of IAS 8.

Further, certain comparative amounts have also been reclassified to conform to the presentation used in these consolidated financial statements.

The consolidated financial statements have been restated as summaried below:

At 31 December 2017
Consolidated Statement of Financial Position

	As previously reported earlier AED'000	***Adjustments made AED'000***	***As restated now AED'000***
Assets			
Trade and unbilled receivables	3,002,620	(129,547)	2,873,073
Other assets, receivables, deposits and prepayments	10,926,710	149,169	11,075,879
Development properties	35,252,013	1,469,384	36,721,397
Assets classified as held for sale	6,570,089	(603,589)	5,966,500
Liabilities			
Trade and other payables	14,480,168	(287,619)	14,192,549
Advances from customers	14,535,281	3,349,029	17,884,310
Liabilities directly associated with assets classified as held for sale	3,380,694	(212,000)	3,168,694
Equity			
Reserves	16,698,449	(36,162)	16,662,287
Retained earnings	25,212,399	(1,075,524)	24,136,875
Non-controlling interests	8,522,420	(852,307)	7,670,113

At 1 January 2017
Consolidated statement of financial position

	As previously reported earlier AED'000	*Adjustments made AED'000*	*As restated now AED'000*
Assets			
Trade and unbilled receivables	2,691,566	(76,579)	2,614,987
Other assets, receivables, deposits and prepayments	7,884,097	163,737	8,047,834
Development properties	32,456,393	1,268,169	33,724,562
Assets classified as held for sale	6,213,464	(180,044)	6,033,420

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and prior period errors (continued)

	As previously reported earlier AED'000	*Adjustments made AED'000*	*As restated now AED'000*
Liabilities			
Trade and other payables	11,303,542	(257,943)	11,045,599
Advances from customers	15,754,394	2,968,586	18,722,980
Liabilities directly associated with assets classified as held for sale	3,217,547	95,616	3,313,163
Equity			
Reserves	16,197,029	21,892	16,218,921
Retained earnings	17,395,426	(943,664)	16,451,762
Non-controlling interests	6,663,237	(709,204)	5,954,033

Consolidated income statement and consolidated statement of comprehensive income

	As previously reported earlier AED'000	*Adjustments made AED'000*	*As restated now AED'000*
For the year ended 31 December 2017:			
Revenue	18,812,044	(60,074)	18,751,970
Cost of revenue	(9,266,460)	(111,445)	(9,377,905)
Other operating income	354,363	40,433	394,796
Other operating expenses	(168,173)	(16,323)	(184,496)
Selling, general and administrative expenses	(3,396,685)	19,666	(3,377,019)
Other income	476,926	(108,284)	368,642
Income tax expenses	(74,048)	6,026	(68,022)
Increase in foreign currency translation reserve	445,673	(103,016)	342,657
Earnings per share attributable to the owners of the Parent:			
- basic and diluted earnings per share (AED)	0.80	(0.02)	0.78

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in the consolidated income statement in the year in which they are incurred.

Income tax

Taxation is provided in accordance with the relevant fiscal regulations of the countries in which the Group operates.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted as at the reporting date, and any adjustments to the tax payable in respect of prior years.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised directly in other comprehensive income or equity and not in the consolidated income statement.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at the reporting date.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted as at the reporting date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability is settled, based on tax rates that have been enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	2 - 15 years
Sales centers (included in land and buildings)	1 - 5 years
Buildings	10 - 45 years
Computers and office equipment	2 - 5 years
Plant, machinery and heavy equipment	3 - 20 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 10 years
Leisure, entertainment and other assets	2 - 25 years

No depreciation is charged on land and capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant and equipment 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 property, plant and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognised in the consolidated income statement. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property, plant and equipment no longer exist or have reduced.

Investment properties
Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 45 years
Furniture, fixtures and others	4 - 10 years
Plant and equipment	3 - 10 years

No depreciation is charged on land and capital work-in-progress.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are transferred from investment properties to development properties when and only when, there is a change in use, evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the consolidated income statement. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length transaction less related costs while value in use is the present value of estimated future cash flows expected to arise from the continuing use of the investment property and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)
Amortisation is charged on a straight-line basis over the estimated useful lives as follows:

Goodwill	indefinite
Brand	indefinite
Customers relationship	5 years
Software	3 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Development properties
Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in the consolidated income statement on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The management reviews the carrying values of the development properties on an annual basis.

Inventories
Inventories represent consumables and other goods relating to hospitality and retail business segments of the Group. Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Costs are those expenses incurred in bringing each product to its present location and condition on a weighted average cost basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group’s investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in associates and joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates and joint ventures (continued)
The consolidated income statement reflects the Group's share of the results of operations of its associates and joint ventures after tax and non-controlling in the subsidiaries of the associate. Where there has been a change recognised directly in the other comprehensive income or equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of comprehensive income or the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The financial statement of the associates and joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture, and its carrying value and recognises the impairment losses in the consolidated income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement. When the remaining investment in joint venture constitutes significant influence, it is accounted for as an investment in associate.

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the consolidated income statement immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship. The Group designates derivatives as hedges of interest rate risk and foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting
The Group designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of interest rate risk and foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described in the below sections.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated income statement as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated income statement as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in consolidated income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in consolidated income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in consolidated statemetnt of comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Before 1 January 2018, the Group designated all of the forward contracts as hedging instrument. Any gains or losses arising from changes in the fair value of derivatives were taken directly to consolidated income statement, except for the effective portion of cash flow hedges, which were recognised in consolidated statement of comprehensive income and later reclassified to consolidated income statment when the hedge item affects profit or loss.

Beginning 1 January 2018, the Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in consolidated statement of comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in consolidated statement of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in consolidated statement of comprehensive income is reclassified to consolidated income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in consolidated statement of comprehensive income must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to consolidated income statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Hedge of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated income statement.

Put option over non-controlling interests

Written put option on the shares of a subsidiary held by non-controlling interests give rise to a financial liability. The liability that may become payable under the arrangement is initially recognised at present value of the redemption amount with a corresponding entry directly in equity. Subsequent changes to the value of the liability are recognised in the consolidated income statement.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through other comprehensive income or profit or loss, which are initially measured at fair value. Trade and unbilled receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32: *Financial Instruments: Presentation*) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments

All financial assets that are equity investments are measured at fair value either through other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments is recorded through the consolidated income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments as financial assets measured at fair value through other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Debt instruments

Debt instruments are also measured at fair value through other comprehensive income (OCI) unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade and unbilled receivables

Trade receivables are stated at original invoice amount less expected credit losses. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

Services rendered but not billed at the reporting date are accrued as per the terms of the agreements as unbilled receivables.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the consolidated income statement.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, and
- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For trade and unbilled receivables and other receivables, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated income statement.

The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Until 31 December 2017, the Group assessed at each reporting date whether there is any evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there was objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. Interest income on such financial assets was continued to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income was recorded as part of finance income in the consolidated statement of income.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings
Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Sukuk
The sukuk are stated at amortised cost using the effective profit rate method. Profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the difference in the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Group as a lessor
The Group has entered into leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. Lease income is recognised in the consolidated income statement in accordance with the terms of the lease contracts over the lease term on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at fair value on the date of acquisition. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the consolidated income statement. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 *Financial Instruments* in the consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable tangible and intangible assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

Contingent liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

End-of-service benefits
The Group provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its eligible UAE and GCC national employees, the Group makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Share-based payment transactions
Employees (including senior executives) of the Group also receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions"). The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which the awards are granted. The cost of equity settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled ending on the date on which the employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Under the Company's policy, awards, which represent the right to purchase the Company's ordinary shares at par, are allocated to eligible employees (including executive directors) of the Company.

Foreign currency translations
The consolidated financial statements are presented in AED which is the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Fair value measurement
The Group measures financial instruments, such as investment in securities and hedges, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) 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).
- 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).

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Business segments
For management purposes, the Group is organised into three major segments, namely, real estate (develop and sell condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential spaces) and hospitality (develop, own and/or manage hotels, serviced apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments*. These businesses are property management and utility services and investments in providers of financial services.

Revenue from sources other than property sales, leasing and related activities and hospitality are included in other operating income.

3 SEGMENT INFORMATION (continued)

Geographic segments
The Group is currently operating in number of countries outside the UAE and is engaged in development of several projects which will have significant impact in future years. The domestic segment includes business activities and operations in the UAE and the international segment includes business activities and operations outside the UAE.

Business segments
The following tables include revenue, contribution and certain assets and liabilities information regarding business segments for the years ended 31 December 2018 and 2017.

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
2018:					
Revenue					
Revenue from external customers					
- Over a period of time	**16,477,741**	**-**	**-**	**-**	**16,477,741**
- Single point in time / leasing revenue	**2,014,768**	**5,642,542**	**1,559,273**	**-**	**9,216,583**
	18,492,509	**5,642,542**	**1,559,273**	**-**	**25,694,324**
Results					
Contribution for the year	**6,891,337**	**2,938,960**	**31,469**	**120,192**	**9,981,958**
Unallocated selling, general and administrative expenses					**(1,124,266)**
Unallocated finance income, net					**151,054**
Profit before tax for the year					**9,008,746**
Assets and liabilities:					
Segment assets	**76,233,325**	**23,227,941**	**8,576,187**	**3,918,614**	**111,956,067**
Segment liabilities	**45,623,512**	**7,103,825**	**1,311,903**	**591,317**	**54,630,557**
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	**511,293**	**4,081,718**	**1,462,887**	**308,494**	**6,364,392**
Depreciation (property, plant and equipment and investment properties)	**180,000**	**675,466**	**292,317**	**52,961**	**1,200,744**

3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

Business segments (continued)

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
2017 (Restated):					
Revenue					
Revenue from external customers					
- Over a period of time	9,969,084	-	-	-	9,969,084
- Single point in time / leasing revenue	2,472,164	4,790,535	1,520,187	-	8,782,886
	12,441,248	4,790,535	1,520,187	-	18,751,970
Results					
Contribution for the year	4,189,993	2,844,310	213,368	214,048	7,461,719
Unallocated selling, general and administrative expenses					(936,198)
Unallocated finance income, net					90,415
Profit before tax for the year					6,615,936
Assets and liabilities *(Restated):*					
Segment assets	80,060,953	21,959,969	7,433,410	4,183,015	113,637,347
Segment liabilities	46,287,807	10,044,504	1,138,204	539,502	58,010,017
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	141,846	3,025,290	1,389,604	309,358	4,866,098
Depreciation (property, plant and equipment and investment properties)	167,494	562,813	265,212	56,569	1,052,088

3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

Geographic segments
The following tables include revenue and certain asset information regarding geographic segments for the years ended 31 December 2018 and 2017.

	Domestic AED'000	***International AED'000***	***Total AED'000***
2018:			
Revenue			
Revenue from external customers			
- Over a period of time	**14,998,088**	**1,479,653**	**16,477,741**
- Single point in time / leasing revenue	**7,343,496**	**1,873,087**	**9,216,583**
	22,341,584	**3,352,740**	**25,694,324**
Assets			
Segment assets	**74,093,678**	**33,160,959**	**107,254,637**
Investments in associates and joint ventures	**1,927,782**	**2,773,648**	**4,701,430**
Total assets	**76,021,460**	**35,934,607**	**111,956,067**
Other segment information			
Capital expenditure			
(property, plant and equipment and investment properties)	**5,860,864**	**503,528**	**6,364,392**

	Domestic AED'000	*International AED'000*	*Total AED'000*
2017 (Restated):			
Revenue			
Revenue from external customers			
- Over a period of time	8,547,301	1,421,783	9,969,084
- Single point in time / leasing revenue	6,398,891	2,383,995	8,782,886
	14,946,192	3,805,778	18,751,970
Assets *(Restated):*			
Segment assets	70,666,875	38,246,510	108,913,385
Investments in associates and joint ventures	1,901,228	2,822,734	4,723,962
Total assets	72,568,103	41,069,244	113,637,347
Other segment information			
Capital expenditure			
(property, plant and equipment and investment properties)	4,005,134	860,964	4,866,098

4 BUSINESS COMBINATIONS

On 26 May 2017, the Group signed a share purchase agreement with Global Fashion Group SA (GFG) to acquire a 51% equity stake in Namshi Holding Limited ("Namshi"). Subsequent to completion of conditions agreed in share purchase agreement, on 16 August 2017, the Shareholder Agreement was executed to complete the acquisition, resulting in the Group gaining control of Namshi.

The transaction represents a business combination under IFRS 3 '*Business Combination*' and has been accounted for using the acquisition method of accounting. Accordingly, the consideration paid has been allocated based on the fair values of the assets acquired and liabilities assumed. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

Assets acquired and liabilities assumed
The fair values of the identified assets and liabilities of Namshi as at the date of acquisition were:

	Fair value recognised on acquisition AED'000
Assets	
Property, plant and equipment (note 17)	5,574
Intangible assets (note 19)	220,300
Trade and unbilled receivables	37,600
Other assets, receivables, deposits and prepayments	121,625
Bank balances and cash	132,154
Total assets	517,253
Liabilities	
Trade and other payables	140,630
Provision for employee's end of service benefits (note 25)	3,345
Total liabilities	143,975
Total identifiable net assets at fair value	373,278
Non-controlling interests measured at fair value (49% of net assets at fair value)	(182,906)
Controlling interests acquired (51 % of net assets at fair value)	190,372
Less: Purchase consideration transferred	(555,384)
Goodwill arising on acquisition (note 19)	365,012

Goodwill primarily comprises sales growth from future product offerings, new customers, expected synergies arising from the acquisition as well as certain other intangible assets that do not qualify for separate recognition under IAS 38 which includes workforce and exclusive arrangements with suppliers.

The fair value of the trade receivables amounts to AED 37,600 thousands. However, none of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Analysis of cash flows on acquisition:

Cash paid *(included in cash flows from investing activities)*	(555,384)
Net cash and cash equivalent acquired with the subsidiary *(included in cash flows from investing activities)*	132,154
Transaction costs of the acquisition *(included in cash flows from operating activities)*	(5,278)
Net cash outflow on acquisition	(428,508)

5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

(a) Emaar MGF Land Limited

In 2016, the Group filed a scheme of arrangement with the Delhi High Court in India for the demerger ("demerger scheme") of the operations of Emaar MGF Land Limited ("EMGF"). Accordingly, on 18 May 2016, the original joint venture agreement and the Memorandum and Articles of Association of EMGF were amended, resulting in the Group gaining control of the operations of EMGF.

As part of the demerger scheme, the Group has agreed to transfer certain assets and liabilities directly associated with those assets (the "disposal group") to an entity controlled by the other promoter group of EMGF. The board members of EMGF approved the plan to transfer the EMGF disposal group. On 8 January 2018, the National Company Law Tribunal ("NCLT") approved the demerger scheme. EMGF filed a revision petition on 18 January 2018 stating that certain modification needs to be made in the order issued by NCLT, which was accepted by NCLT. The final order for approval of demerger scheme was issued by NCLT on 16 July 2018 and order was filed to Registrar of Companies on 31 July 2018. Based on the order issued by NCLT, since no further act or deed is to be performed by EMGF to effect the demerger, management concluded that the demerger is effective as on 31 July 2018.

Accordingly, assets and liabilities which were previously classified as held for sale were transferred to a company controlled by the other promoter group of EMGF. Management has considered this transfer as a distribution of non-cash assets to shareholders of EMGF and the transaction has been recorded in accordance with IFRIC 17 - *Distributions of Non-cash Assets to Owners*. As required by IFRIC 17, the distribution has been made at fair value of the disposal group as at the date of transfer. Since the demerger is effective as at the reporting date, the Group has recognised a gain on distribution of non-cash assets amounting to AED 353,407 thousands in the consolidated income statement for the year ended 31 December 2018.

The major classes of assets and liabilities of the EMGF disposal group as at the effective date of demerger are as follows:

	31 July 2018 AED'000	*31 December 2017 AED'000 (Restated)*
Assets		
Property, plant and equipment	**240,323**	257,782
Development properties	**3,883,610**	4,346,095
Other assets, receivables, deposits and prepayments	**292,486**	313,736
Total assets	**4,416,419**	4,917,613
Liabilities		
Interest-bearing loans and borrowings	**371,701**	398,704
Trade and other payables	**1,843,784**	1,980,650
Advances from customers	**82,769**	88,782
Total liabilities	**2,298,254**	2,468,136
Net assets directly associated with the EMGF disposal group	**2,118,165**	2,449,477

With respect to the EMGF disposal group, there were no significant gains or losses recognised in the consolidated income statement or consolidated statement of comprehensive income during the period until the completion of demerger.

As a consideration for the value of net assets transferred, the entity controlled by other promoter group of EMGF will issue equity shares to the Group in the proportion agreed in the demerger scheme. As at the reporting date, the entity controlled by other promoter group is yet to issue its equity shares so agreed to the Group.

5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

(b) Emaar Giga Holding Limited

On 12 November 2017, the Group signed a separation agreement with Giga Group Holding Ltd ("Giga") in respect of Emaar Giga Holding Ltd ("EGHL"), a subsidiary formed to develop properties in Pakistan. Based on the separation agreement, Giga will exchange its shareholding in EGHL for land held by the Group in Karachi, Pakistan. As at 31 December 2018 the conditions precedent for completion of the transfer had not been satisfied and the transfer had not been effected. The assets and liabilities that form part of the disposal group have been disclosed under 'assets classified as held for sale' and 'liabilities associated with assets classified as held for sale' in the consolidated statement of financial position.

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	2018 AED'000	*2017 AED'000*
Assets		
Development properties	**83,418**	95,790
Total assets	**83,418**	95,790
Liabilities		
Trade and other payables	**93,846**	104,086
Total liabilities	**93,846**	104,086
Net liabilities directly associated with the EGHL disposal group	**10,428**	8,296

There were no significant gains or losses recognised in the consolidated income statement or in the consolidated statement of comprehensive income with respect to these assets.

(c) Emaar Middle East LLC

During 2016, the Group has entered in a separation agreement with Al Oula Real Estate Development Holding Company ("Al Oula"), by which the Group has agreed to acquire the equity shares held by Al Oula in Emaar Middle East LLC ("EME") and its subsidiaries, which will be settled by way of transfer of ownership of a project (the "EME disposal group") developed by EME to Al Oula.

The transfer of these shares to the Group is subject to certain milestones and conditions defined in the separation agreement. As at 31 December 2018 these milestones and conditions are not completed and the shares are not transferred to the Group. Accordingly, the assets and liabilities relating to the EME disposal group have been disclosed under 'assets held for sale' and 'liabilities associated with assets held for sale' in the consolidated statement of financial position.

5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

(c) Emaar Middle East LLC (continued)

The major classes of assets and liabilities of the EME disposal group classified as held for sale are as follows:

	2018 AED'000	*2017 AED'000*
Assets		
Development properties	**924,001**	925,149
Trade and other receivables	**18,771**	13,325
Total assets	**942,772**	938,474
Liabilities		
Trade and other payables	**577,256**	575,591
Advances from customers	**21,291**	20,881
Total liabilities	**598,547**	596,472
Net assets directly associated with the EME disposal group	**344,225**	342,002

There were no significant gains or losses recognised in the consolidated income statement or in the consolidated statement of comprehensive income with respect to these assets.

(d) Emaar Malls PJSC

During 2017, the Group identified certain non-core assets that do not fit the long term strategy of the business. Accordingly, certain retail units were identified to be divested. At 31 December 2017, investment properties having a net book value of AED 14,623 thousands were classified as held for sale. During the current year, the Group has sold these properties for a consideration of' AED 63,500 thousands and recorded a gain of AED 47,577 thousands, which was recognised as other income in the consolidated income statement.

(e) Emaar Hospitality Group

On 26 November 2018, Emaar Hospitality Group LLC (EHG), a subsidiary of the Group, entered into a Sale and Purchase Agreement ("SPA") with Abu Dhabi National Hotels Company PSJC (ADNH) to transfer its ownership interest in Hotels (Hotels) owned by EHG in Dubai. Based on the agreement, ADNH agreed to purchase the Hotels for a consideration of AED 2,198 million, subject to adjustments relating to working capital and employee entitlements.

Sale of the Hotels are subject to satisfactory completion of condition precedents as defined in the SPA. As at 31 December 2018, these condition precedents are not completed and transfer of ownership of the hotels to ADNH has not effected. Accordingly, at 31 December 2018, the assets and liabilities of Hotels are classified as 'assets held for sale' and 'liabilities associated with assets classified as held for sale' (EHG disposal group) in the consolidated statement of financial position.

The operating results of the Hotels are as follows:

	2018 AED'000	*2017 AED'000*
Revenue	**440,093**	485,221
Cost of revenue	**(259,885)**	(286,768)
Gross profit	**180,208**	198,453
Selling, general and administrative expenses	**(144,739)**	(162,255)
Finance costs	**(20,998)**	(22,507)
Profit for the year from EHG disposal group attributable to the owner of the Parent	**14,471**	13,691

5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

(e) Emaar Hospitality Group (continued)

The major classes of assets and liabilities of EHG disposal group as at 31 December 2018 are as follows:

	2018 *AED'000*
Assets	
Property, plant and equipment	**2,095,894**
Trade and unbilled receivables	**8,753**
Other assets, receivables, deposits and prepayments	**13,200**
Total assets	**2,117,847**
Liabilities	
Provision for employees' end-of-service benefits	**9,068**
Trade and other payables	**19,709**
Advances from customers	**1,724**
Total liabilities	**30,501**
Net assets directly associated with the EHG disposal group	**2,087,346**

The net cash flows incurred by EHG disposal group as at 31 December 2018 are as follows:

	2018 *AED'000*
Cash flows	
Net cash from operating activities	**203,960**
Net cash used in investing activities	**(203,960)**
Net cash flows	**-**

Subsequent to reporting date, on 12 February 2019, all the condition precedent were satisfactorily completed and ownership of the Hotels have been transferred to ADNH. Further, on February 2019, the Group entered into a long-term hotel management agreement with ADNH to manage the Hotels for a period of 15-20 years.

6 REVENUE AND COST OF REVENUE

	2018 AED'000	*2017 AED'000 (Restated)*
Revenue		
Revenue from property sales		
Sale of condominiums	**9,419,552**	7,260,326
Sale of villas	**7,838,212**	4,058,178
Sale of commercial units, plots of land and others	**1,234,745**	1,122,744
Revenue from hospitality	**1,559,273**	1,520,187
Revenue from leased properties, retail and related income	**5,642,542**	4,790,535
	25,694,324	18,751,970
Cost of revenue		
Cost of revenue from property sales		
Cost of condominiums	**5,886,189**	4,732,711
Cost of villas	**4,084,774**	2,245,541
Cost of commercial units, plots of land and others	**542,903**	612,513
Operating cost of hospitality	**944,439**	899,514
Operating cost of leased properties, retail and related activities	**1,353,316**	887,626
	12,811,621	9,377,905

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2018 AED'000	*2017 AED'000 (Restated)*
Sales and marketing expenses	**902,143**	528,987
Payroll and related expenses	**885,741**	709,314
Depreciation of property, plant and equipment (note 17)	**688,959**	641,548
Depreciation of investment properties (note 18)	**511,785**	410,540
Property management expenses	**341,988**	290,494
Provision for doubtful debts/write off, net	**127,905**	76,171
Donations	**109,371**	93,150
Pre-operating expenses	**43,976**	43,367
Other expenses	**774,331**	583,448
	4,386,199	3,377,019

8 FINANCE INCOME

	2018 **AED'000**	2017 AED'000
Finance income on fixed deposits with banks	**290,209**	261,456
Other finance income	**545,663**	377,545
	835,872	639,001

9 INCOME TAX

	2018 **AED'000**	2017 AED'000 (Restated)
Consolidated income statement		
Current income tax expenses	**(70,335)**	(122,849)
Deferred income tax	**81,366**	54,827
	11,031	(68,022)

	2018 **AED'000**	2017 AED'000
Consolidated statement of financial position		
Income tax payable, balance at the beginning of the year	**91,665**	80,050
Charge for the year	**70,335**	122,849
Paid during the year, net	**(43,009)**	(111,234)
Income tax payable, balance at the end of the year (note 20)	**118,991**	91,665

Income tax expense relates to the tax payable on the results of the subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which the subsidiaries operate. The relationship between the tax expenses and the accounting profit can be explained as follows:

	2018 **AED'000**	2017 AED'000 (Restated)
Profit before tax	**9,008,746**	6,615,936
Profit not subject to tax, net	**(8,833,851)**	(6,226,808)
Accounting profit subject to income tax, net	**174,895**	389,128
Current income tax expense	**(70,335)**	(122,849)
UAE applicable income tax rate	**0.00%**	0.00%
Effective tax rate as percentage of accounting profit	**40.22%**	31.57%

The income tax charge is applicable on the Group's operations in Turkey, Egypt, Morocco, India, Pakistan, Lebanon, Kingdom of Saudi Arabia, the United Kingdom, the United States of America, Italy and Syria.

10 BANK BALANCES AND CASH

	2018 AED'000	*2017 AED'000*
Cash in hand	**9,500**	5,577
Current and call bank deposit accounts	**7,885,404**	8,451,090
Fixed deposits maturing within three months	**1,067,774**	7,784,215
Cash and cash equivalents	**8,962,678**	16,240,882
Deposits under lien (note 23 and 29)	**92,886**	110,186
Fixed deposits maturing after three months	**438,630**	4,751,468
	9,494,194	21,102,536
Bank balances and cash located:		
Within UAE	**7,574,242**	19,769,718
Outside UAE	**1,919,952**	1,332,818
	9,494,194	21,102,536
Bank balances and cash are denominated in the following currencies:		
United Arab Emirates Dirham (AED)	**7,574,242**	19,769,718
Egyptian Pound (EGP)	**966,017**	983,620
United States Dollar (USD)	**712,437**	132,782
Saudi Riyal (SAR)	**29,850**	114,680
Indian Rupee (INR)	**97,048**	81,938
Other currencies	**114,600**	19,798
	9,494,194	21,102,536

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 three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits maturing after three months earn interest at rates between 2.2% and 3.2% per annum (2017: 1.3% and 3.2% per annum).

Bank balances maintained in the UAE includes an amount of AED 13,943 thousands (2017: AED 14,807 thousands) committed for investments in a project in Syria.

The Company is required to maintain certain deposits/balances amounting to AED 7,130,069 thousands (2017: AED 9,494,945 thousands) with banks for unclaimed dividends and advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/ balances are not under lien.

11 TRADE AND UNBILLED RECEIVABLES

	2018 AED'000	*2017 AED'000 (Restated)*
Trade receivables		
Amounts receivables within 12 months, net	**1,897,937**	1,401,407
Unbilled receivables		
Unbilled receivables within 12 months	**3,930,855**	1,073,285
Unbilled receivables after 12 months, net	**1,619,737**	398,381
	5,550,592	1,471,666
Total trade and unbilled receivables	**7,448,529**	2,873,073

The above trade receivables are net of AED 156,796 thousands (2017: AED 151,628 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables based on the expected credit loss on receivables. All other receivables are considered recoverable in full**.**

Movement in the provision for doubtful debts during the year is as follows:

	2018 AED'000	*2017 AED'000*
Balance at the beginning of the year	**151,628**	133,098
Provision made during the year	**16,894**	26,816
Provision written off during the year	**(11,726)**	(8,286)
Balance at the end of the year	**156,796**	151,628

At 31 December, the ageing analysis of net trade and unbilled receivables is as follows:

			Past due but not impaired			
	Total AED'000	***Neither past due nor impaired AED'000***	***Less than 30 days AED'000***	***Between 30 to 60 days AED'000***	***Between 60 to 90 days AED'000***	***More than 90 days AED'000***
2018	**7,448,529**	**5,550,592**	**282,416**	**136,441**	**266,881**	**1,212,199**
2017 *(Restated)*	2,873,073	1,471,666	395,308	95,418	64,987	845,694

Refer note 33(a) on credit risks of trade and unbilled receivables, which discusses how the Group manages and measures credit quality of trade and unbilled receivables that are neither past due nor impaired.

12 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 *AED'000*	*2017* *AED'000* *(Restated)*
Recoverable under joint development agreements	**5,143,788**	2,916,247
Advances to contractors and others	**4,098,300**	3,277,950
Prepayments (including prepaid lease rentals)	**1,096,645**	1,130,857
Value added tax recoverable	**908,715**	704,406
Deferred sales commission (i)	**873,094**	915,998
Recoverable from non-controlling interests (ii)	**604,989**	630,314
Inventory - Hospitality and Retail	**201,408**	242,485
Deposits for acquisition of land	**123,418**	161,152
Receivables from Communities Owner Associations	**163,186**	162,701
Deferred income tax assets	**177,676**	137,597
Accrued interest	**25,464**	49,140
Other receivables and deposits	**1,111,875**	747,032
	14,528,558	11,075,879
Other assets, receivables, deposits and prepayments maturity profile:		
Amounts recoverable within 12 months	**12,964,187**	8,613,515
Amounts recoverable after 12 months	**1,564,371**	2,462,364
	14,528,558	11,075,879

(i) The deferred sales commission expense incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

(ii) Recoverable from non-controlling interests includes AED 367 million (2017: AED 399 million) receivable from the other promotor group in EMGF as per the demerger scheme, which carries interest at 11.25% per annum and is receivable in 2019.

13 DEVELOPMENT PROPERTIES

	2018 *AED'000*	*2017* *AED'000* *(Restated)*
Balance at the beginning of the year	**35,252,013**	32,456,393
Effect of changes due to restatements (Note 2.4)	**1,469,384**	1,268,169
Balance at the beginning of the year *(Restated)*	**36,721,397**	33,724,562
Add: Costs incurred during the year	**13,730,086**	10,681,736
Add / (less): Costs transferred from / (to) property, plant and equipment (note 17)*	**214,341**	(669,775)
Less: Costs transferred to cost of revenue during the year	**(10,513,866)**	(7,590,765)
Less: Foreign currency translation differences	**(1,308,202)**	957,362
Less: Transferred to assets held for sale (note 5 (b))	**-**	(95,790)
Less: Costs transferred to investment properties (note 18)*	**(63,359)**	(285,933)
Less: Impairment / write-off	**(396,216)**	-
Balance at the end of the year	**38,384,181**	36,721,397

*The Group has transferred certain costs from / to property, plant and equipment and investment properties based on the change in intended use of such developments.

13 DEVELOPMENT PROPERTIES (continued)

	2018 ***AED'000***	*2017* *AED'000* *(Restated)*
Development properties located:		
Within UAE	**20,036,744**	16,786,519
Outside UAE	**18,347,437**	19,934,878
	38,384,181	36,721,397

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction including the cost of construction of infrastructure; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Common infrastructure cost is allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised. The development span of some of the development properties is estimated to be over 10 years.

The valuation of most of the Group's development properties is carried out by independent professionally qualified valuers in accordance with RICS appraisals and valuation standards. Accordingly,the fair value of the development properties as at the reporting datess is AED 68,726,817 thousands (2017: AED 68,873,055 thousands) as compared to carrying value of AED 38,384,181 thousands (2017: AED 36,721,397 thousands).

During the year, an amount of AED 124,939 thousands (2017: AED 151,016 thousands) was capitalised as cost of borrowings for the construction of development properties.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of its development properties by valuation technique:

	Total ***AED'000***	***Level 1*** ***AED'000***	***Level 2*** ***AED'000***	***Level 3*** ***AED'000***
2018	**68,726,817**	**-**	**-**	**68,726,817**
2017	68,873,055	-	-	68,873,055

Any significant movement in the assumptions used for the fair valuation of development properties such as discount rates, yield etc. would result in significantly lower/ higher fair value of those assets.

14 INVESTMENTS IN SECURITIES

	2018	*2017*
	AED'000	*AED'000*
Financial assets at fair value through other comprehensive income (i)	**683,676**	869,585
Financial assets at fair value through profit and loss	**125,334**	27,529
Financial assets at amortised cost	**1,426,764**	1,088,635
	2,235,774	1,985,749
Investments in securities:		
Within UAE	**561,756**	770,055
Outside UAE	**1,674,018**	1,215,694
	2,235,774	1,985,749

(i) Financial assets at fair value through other comprehensive income includes a contingent convertible instrument at fair value of AED 5,349 thousands (2017: AED 5,349 thousands) (refer note 15(ii)) and fund investments managed by an external fund manager. Equity investments are in quoted, unquoted and index linked securities.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets at fair value by valuation technique:

	Total	***Level 1***	***Level 2***	***Level 3***
	AED'000	***AED'000***	***AED'000***	***AED'000***
2018	**809,010**	**72,364**	**705,922**	**30,724**
2017	897,114	90,073	779,990	27,051

Valuations for Level 2 investments in securities have been derived by determining their redemption value which is generally net asset value per share of the investee companies.

There were no transfers made between Level 1 and Level 2 during the year.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets which are recorded at fair value:

	2018	*2017*
	AED'000	*AED'000*
Balance at 1 January	**27,051**	27,439
Purchased during the year	**3,673**	-
Redemption of contingent convertible instruments	**-**	(388)
Balance at 31 December	**30,724**	27,051

During the year, the Group has made additional investments in securities of AED 2,684,355 thousands (2017: AED 2,183,254 thousands), this includes investment in shares and stocks of AED 392,760 thousands (2017: AED 202,104 thousands).

15 LOANS TO ASSOCIATES AND JOINT VENTURES

	2018 AED'000	*2017 AED'000*
DWTC Emaar LLC (i)	**320,065**	192,721
Emaar Dubai South DWC LLC (i)	**311,079**	204,017
Zabeel Square LLC (i)	**255,002**	219,667
Amlak Finance PJSC (ii)	**91,677**	104,215
Other associates and joint ventures	**9,143**	6,877
	986,966	727,497

(i) Loan to associates and joint ventures of AED 886,146 thousands (2017: AED 616,405 thousands) are unsecured, repayable on demand and does not carry any interest.

(ii) As per the terms of the restructuring agreement entered in 2014, 20% of the principal amount of the loan was repaid by Amlak in 2014, 65% is restructured into a long term facility maturing in 12 years carrying a profit rate of 2% per annum and 15% is restructured into a 12-year contingent convertible instrument (CCI).

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2018 AED'000	*2017 AED'000*
Carrying value of investments in associates and joint ventures:		
Emaar, The Economic City (refer note (a) below) (Saudi Joint Stock Company) - quoted (i)	**2,350,209**	2,348,909
Amlak Finance PJSC - quoted (ii)	**655,321**	729,171
Emaar Bawadi LLC	**505,567**	479,392
Turner International Middle East Ltd (iv)	**352,913**	359,431
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	**244,816**	282,831
Mirage Leisure and Development Inc.	**143,631**	155,595
Emaar Industries and Investment (Pvt) JSC	**149,918**	145,226
Dead Sea Company for Tourist and Real Estate Investment	**101,583**	113,799
Others	**197,472**	109,608
	4,701,430	4,723,962

(i) The market value of the shares held in Emaar, The Economic City ("EEC") (quoted on the Saudi Stock Exchange - Tadawul) as at 31 December 2018 was AED 2,013,799 thousands (2017: AED 3,435,457 thousands).

(ii) The market value of the shares held in Amlak Finance PJSC ("Amlak") (quoted on the Dubai Financial Market) as at 31 December 2018 was AED 264,700 thousands (2017: AED 721,252 thousands).

(iii) On 12 September 2018, the Group has acquired an additional interest of 16.67% in the equity shares of Emrill Services LLC ("Emrill") for a consideration of AED 21,358 thousands. Investment in Emrill is now accounted as investment in a joint venture under equity method of accounting.

(iv) During the current year, the Group has entered into shareholder agreement with Turner International Middle East Ltd (TIME). Based on which the Group's interest in TIME has been transferred to Time Management International Ltd (TMIL), a subsidiary of TIME. However, the Group's economic interest in TIME has remained unchanged. Accordingly the agreement has no impact on the consolidated financial statement of the Group.

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The Group has the following effective ownership interest in its significant associates and joint ventures:

	Country of incorporation	***Ownership***	
		2018	*2017*
Emaar, The Economic City (Saudi Joint Stock Company)	KSA	**30.59%**	30.59%
Amlak Finance PJSC	UAE	**48.08%**	48.08%
Emaar Industries and Investments (Pvt) JSC	UAE	**40.00%**	40.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	**29.33%**	29.33%
Mirage Leisure and Development Inc.	BVI	**65.00%**	65.00%
Emaar Bawadi LLC	UAE	**50.00%**	50.00%
Turner International Middle East Ltd	UAE	**65.00%**	65.00%
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	Turkey	**50.00%**	50.00%
Emaar Dubai South DWC LLC	UAE	**50.00%**	50.00%
Zabeel Square LLC	UAE	**50.00%**	50.00%
DWTC Emaar LLC	UAE	**50.00%**	50.00%

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the income statements of the Group's associates and joint ventures for the year ended 31 December 2018:

	Emaar, The Economic City (Saudi Joint Stock Company) - quoted AED'000*	*Emaar Industries and Investment (Pvt) JSC AED'000*	*Dead Sea Company for Tourist and Real Estate Investment AED'000*	*Mirage Leisure and Development Inc. AED'000*	*Turner International Middle East Ltd AED'000*	*Others* AED'000*	*Total AED'000*
Revenue	**1,238,145**	**364,365**	**68,299**	**211,317**	**442,789**	**1,551,096**	**3,876,011**
Profit / (loss) before tax	**165,495**	**49,254**	**(44,906)**	**2,094**	**192,074**	**(103,997)**	**260,014**
Income tax expense	**(154,146)**	**-**	**-**	**-**	**(11,924)**	**-**	**(166,070)**
Profit / (loss) for the year	**11,349**	**49,254**	**(44,906)**	**2,094**	**180,150**	**(103,997)**	**93,944**
Other comprehensive income	**(8,706)**	**-**	**-**	**-**	**-**	**6,780**	**(1,926)**
Total comprehensive income for the year	**2,643**	**49,254**	**(44,906)**	**2,094**	**180,150**	**(97,217)**	**92,018**
Profit / (loss) attributable to owners of the Parent	**(14,501)**	**30,477**	**(41,651)**	**2,094**	**160,249**	**(103,997)**	**32,671**
Group's share of profit / (loss) for the year	**(4,436)**	**12,191**	**(12,216)**	**1,361**	**104,162**	**(51,384)**	**49,678**
Dividend received during the year	**-**	**7,500**	**-**	**13,325**	**110,680**	**12,022**	**143,527**

* Includes associates and joint ventures for which the summarised financial information as at 31 December 2018 has not been made publicly available. The financial information of the Group's associates and joint ventures included above have been adjusted to bring their accounting policies in line with the accounting policies followed by the Group.

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the income statements of the Group's associates and joint ventures for the year ended 31 December 2017:

	Emaar, The Economic City (Saudi Joint Stock Company) - quoted AED'000	*Emaar Industries and Investment (Pvt) JSC AED'000*	*Dead Sea Company for Tourist and Real Estate Investment AED'000*	*Mirage Leisure and Development Inc. AED'000*	*Turner International Middle East Ltd AED'000*	*Others AED'000*	*Total AED'000*
Revenue	793,211	409,508	28,724	331,075	358,417	1,016,770	2,937,705
Profit / (loss) before tax	66,001	54,722	(26,186)	37,197	191,143	(26,162)	296,715
Income tax expense	(21,384)	-	-	-	(7,010)	-	(28,394)
Profit / (loss) for the year	44,617	54,722	(26,186)	37,197	184,133	(26,162)	268,321
Other comprehensive income	-	-	-	-	-	4,981	4,981
Total comprehensive income for the year	44,617	54,722	(26,186)	37,197	184,133	(21,181)	273,302
Profit / (loss) attributable to owners of the Parent	44,617	37,201	(15,802)	37,197	161,771	(26,162)	238,822
Group's share of profit / (loss) for the year	13,648	14,880	(4,635)	24,178	105,151	(18,424)	134,798
Dividend received during the year	-	5,000	-	5,200	112,031	7,011	129,242

The financial information of the Group's associates and joint ventures included above have been adjusted to bring their accounting policies in line with the accounting policies followed by the Group.

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the statements of financial position of the Group's associates and joint ventures as at 31 December 2018:

	Emaar, The Economic City (Saudi Joint Stock Company) - quoted AED'000	*Emaar Industries and Investment (Pvt) JSC AED'000*	*Dead Sea Company for Tourist and Real Estate Investment AED'000*	*Mirage Leisure and Development Inc. AED'000*	*Turner International Middle East Ltd AED'000*	*Others* AED'000*	*Total AED'000*
Total assets (including cash and cash equivalents of AED 2,065,099 thousands)	**16,952,820**	**769,198**	**752,322**	**129,536**	**695,357**	**10,430,591**	**29,729,824**
Total liabilities	**9,269,886**	**394,403**	**405,980**	**83,320**	**324,156**	**7,371,834**	**17,849,579**
Net assets	**7,682,934**	**374,795**	**346,342**	**46,216**	**371,201**	**3,058,757**	**11,880,245**
Group's share of net assets	**2,350,209**	**149,918**	**101,583**	**30,040**	**241,281**	**1,500,113**	**4,373,144**
Goodwill							**358,286**
Impairment							**(30,000)**
							4,701,430

*Includes associates and joint ventures for which the summarised financial information as at 31 December 2018 has not been made publicly available.

As at 31 December 2018, the Group's associates and joint ventures had contingent liabilities of AED 438,968 thousands (2017: AED 443,741 thousands) and commitments of AED 5,937,852 thousands (2017: AED 5,539,246 thousands).

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the statements of financial position of the Group's associates and joint ventures as at 31 December 2017:

	Emaar, The Economic City (Saudi Joint Stock Company) - quoted AED'000	*Emaar Industries and Investment (Pvt) JSC AED'000*	*Dead Sea Company for Tourist and Real Estate Investment AED'000*	*Mirage Leisure and Development Inc. AED'000*	*Turner International Middle East Ltd AED'000*	*Others* AED'000*	*Total AED'000*
Total assets (including cash and cash equivalents of AED 2,887,901 thousands)	16,642,243	759,736	879,340	217,664	884,638	10,137,267	29,520,888
Total liabilities	8,963,560	396,672	491,344	153,042	503,409	7,053,554	17,561,581
Net assets	7,678,683	363,064	387,996	64,622	381,229	3,083,713	11,959,307
Group's share of net assets	2,348,909	145,226	113,799	42,004	247,799	1,497,939	4,395,676
Goodwill							358,286
Impairment							(30,000)
							4,723,962

The financial information of the Group's associates and joint ventures included above have been adjusted to bring their accounting policies in line with the accounting policies followed by the Group.

17 PROPERTY, PLANT AND EQUIPMENT

2018:	*Leasehold improvements AED'000*	*Land and buildings AED'000*	*Computers and office equipment AED'000*	*Plant, machinery and heavy equipment AED'000*	*Motor vehicles AED'000*	*Furniture and fixtures AED'000*	*Leisure, entertainment and other assets AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:									
At 1 January 2018	385,606	7,627,761	610,339	1,459,350	62,379	1,046,047	1,079,057	3,407,093	15,677,632
Additions/Adjustments	52,082	171,225	51,645	264,238	7,015	152,020	295,664	1,713,773	2,707,662
Disposals	(175)	(1,803)	(10,586)	(189,341)	(1,100)	(39,987)	(36,384)	(31,215)	(310,591)
Transfers	33,762	949,782	23,731	43,447	932	15,651	(18,981)	(1,048,324)	-
Transferred to development properties (note 13)	-	-	-	-	-	-	-	(214,341)	(214,341)
Transferred to investment properties (note 18)	-	(1,833)	-	-	-	-	-	(50,890)	(52,723)
Foreign currency translation differences	(18,870)	(21,416)	(3,110)	(6,737)	(746)	(4,982)	(1,879)	(5,409)	(63,149)
Transferred to assets held for sale (note 5(e))	-	(2,326,087)	(47,322)	(226,777)	(1,083)	(174,200)	-	-	(2,775,469)
At 31 December 2018	**452,405**	**6,397,629**	**624,697**	**1,344,180**	**67,397**	**994,549**	**1,317,477**	**3,770,687**	**14,969,021**
Accumulated depreciation:									
At 1 January 2018	187,024	1,713,990	439,362	723,464	52,009	769,994	554,391	-	4,440,234
Depreciation charge for the year (note 7)	32,480	221,660	102,494	114,876	7,238	121,203	89,008	-	688,959
Eliminated on disposals	(177)	(1,711)	(10,382)	(14,358)	(419)	(34,874)	(27,559)	-	(89,480)
Adjustments	33,957	(32,345)	(18,969)	15,618	(1,015)	(3,780)	113	-	(6,421)
Transferred to investment properties (note 18)	-	(235)	-	-	-	-	-	-	(235)
Foreign currency translation differences	(8,434)	(9,642)	(2,579)	(5,710)	(534)	(4,381)	(809)	-	(32,089)
Transferred to assets held for sale (note 5(e))	-	(392,031)	(37,354)	(145,424)	(1,053)	(103,749)	36	-	(679,575)
At 31 December 2018	**244,850**	**1,499,686**	**472,572**	**688,466**	**56,226**	**744,413**	**615,180**	**-**	**4,321,393**
Net carrying amount:									
At 31 December 2018	**207,555**	**4,897,943**	**152,125**	**655,714**	**11,171**	**250,136**	**702,297**	**3,770,687**	**10,647,628**

17 PROPERTY, PLANT AND EQUIPMENT (continued)

2017:

	Leasehold improvements AED'000	*Land and buildings AED'000*	*Computers and office equipment AED'000*	*Plant, machinery and heavy equipment AED'000*	*Motor vehicles AED'000*	*Furniture and fixtures AED'000*	*Leisure, entertainment and other assets AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:									
At 1 January 2017	380,579	7,015,479	473,583	1,398,335	65,202	911,635	1,037,136	1,947,254	13,229,203
Acquisition of a subsidiary (note 4)	-	-	1,483	-	87	4,004	-	-	5,574
Additions	810	71,114	64,463	27,278	5,971	87,626	30,528	1,659,095	1,946,885
Disposals / adjustments	(39,619)	(66,112)	(3,626)	(12,782)	(9,325)	(29,293)	(22,015)	(18,529)	(201,301)
Transfers	-	709,783	73,031	40,559	262	66,960	28,877	(919,472)	-
Transferred from / (to) development properties (note 13)	-	(114,514)	-	-	-	-	-	763,383	648,869
Transferred to investment properties (note 18)	-	-	-	-	-	-	-	(29,496)	(29,496)
Foreign currency translation differences	43,836	12,011	1,405	5,960	182	5,115	4,531	4,858	77,898
At 31 December 2017	385,606	7,627,761	610,339	1,459,350	62,379	1,046,047	1,079,057	3,407,093	15,677,632
Accumulated depreciation:									
At 1 January 2017	177,215	1,530,846	349,379	626,183	51,240	674,074	488,965	-	3,897,902
Depreciation charge for the year (note 7)	32,185	204,782	92,501	102,956	7,974	115,547	85,603	-	641,548
Eliminated on disposals/ adjustments	(39,580)	(4,810)	(3,521)	(10,166)	(7,315)	(24,473)	(21,259)	-	(111,124)
Transferred to development properties (note 13)	-	(20,906)	-	-	-	-	-	-	(20,906)
Foreign currency translation differences	17,204	4,078	1,003	4,491	110	4,846	1,082	-	32,814
At 31 December 2017	187,024	1,713,990	439,362	723,464	52,009	769,994	554,391	-	4,440,234
Net carrying amount:									
At 31 December 2017	198,582	5,913,771	170,977	735,886	10,370	276,053	524,666	3,407,093	11,237,398

17 PROPERTY, PLANT AND EQUIPMENT (continued)

The valuation of the Group's significant revenue generating property, plant and equipment is carried out by independent professionally qualified valuers. The net income has been capitalised at terminal yield range of 6.25% to 7.50% (2017: 6.25% to 7.25%) and a discount rate range of 8.75% to 9.75% (2017: 8.75% to 9.75%) representing the characteristics and risk profile of an asset to determine the value of each of the revenue generating property, plant and equipment. At 31 December 2018, the fair value of these revenue generating property, plant and equipment assets is AED 6,800,885 thousands (2017: AED 9,159,257 thousands) compared with a carrying value of AED 4,873,633 thousands (2017: AED 5,806,439 thousands).

Certain property, plant and equipment assets are pledged as security against interest-bearing loans and borrowings as disclosed under note 23.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of its revenue generating property, plant and equipment by valuation technique:

	Total *AED'000*	*Level 1* *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*
2018	**6,800,885**	**-**	**-**	**6,800,885**
2017	9,159,257	-	-	9,159,257

Any significant movement in the assumptions used for the fair valuation of revenue generating property, plant and equipment such as discount rates, long term revenue/ margin growth etc. would result in significantly lower / higher fair value of those assets.

18 INVESTMENT PROPERTIES

2018:

	Land *AED'000*	*Buildings* *AED'000*	*Plant and equipment* *AED'000*	*Furniture, fixtures and others* *AED'000*	*Capital work-in-progress* *AED'000*	*Total* *AED'000*
Cost:						
At 1 January 2018	1,996,702	11,784,161	440,088	575,252	4,758,392	19,554,595
Additions	7,973	466,667	-	205,202	2,976,888	3,656,730
Disposals /adjustments	(3,217)	(117,122)	(1,277)	(1,483)	-	(123,099)
Transfers	2,126	1,850,594	-	1,823	(1,854,543)	-
Transferred from development properties (note 13)	1,223	24,733	-	-	37,403	63,359
Transferred from property, plant and equipment (note 17)	304	14,557	-	-	37,862	52,723
Foreign currency translation differences	(1,524)	(474)	-	-	(877)	(2,875)
At 31 December 2018	**2,003,587**	**14,023,116**	**438,811**	**780,794**	**5,955,125**	**23,201,433**
Accumulated depreciation:						
At 1 January 2018	-	2,124,934	400,720	432,544	-	2,958,198
Depreciation charge for the year (note 7)	-	371,577	36,950	103,258	-	511,785
Relating to disposals	-	(35,809)	(436)	(935)	-	(37,180)
Foreign currency translation differences	-	(52)	-	-	-	(52)
Transferred from property, plant and equipment (note 17)	-	235	-	-	-	235
At 31 December 2018	**-**	**2,460,885**	**437,234**	**534,867**	**-**	**3,432,986**
Net carrying amount:						
At 31 December 2018	**2,003,587**	**11,562,231**	**1,577**	**245,927**	**5,955,125**	**19,768,447**

18 INVESTMENT PROPERTIES (continued)

2017:

	Land AED'000	*Buildings AED'000*	*Plant and equipment AED'000*	*Furniture, fixtures and others AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:						
At 1 January 2017	1,954,938	9,034,900	440,088	517,296	4,391,262	16,338,484
Additions	37,784	708,441	-	58,748	2,114,240	2,919,213
Disposals /adjustments	-	(29)	-	(497)	(362)	(888)
Transfers	-	1,984,335	-	-	(1,984,335)	-
Transferred from development properties (note 13)	2,760	48,983	-	-	234,190	285,933
Transferred from property, plant and equipment (note 17)	-	26,099	-	-	3,397	29,496
Foreign currency translation differences	1,220	620	-	-	-	1,840
Transfer to assets held for sale (note 5(d))	-	(19,188)	-	(295)	-	(19,483)
At 31 December 2017	1,996,702	11,784,161	440,088	575,252	4,758,392	19,554,595
Accumulated depreciation:						
At 1 January 2017	-	1,838,836	356,949	357,188	-	2,552,973
Depreciation charge for the year (note 7)	-	290,696	43,771	76,073	-	410,540
Relating to disposals	-	(7)	-	(499)	-	(506)
Foreign currency translation differences	-	51	-	-	-	51
Transfer to assets held for sale (note 5(d))	-	(4,642)	-	(218)	-	(4,860)
At 31 December 2017	-	2,124,934	400,720	432,544	-	2,958,198
Net carrying amount:						
At 31 December 2017	1,996,702	9,659,227	39,368	142,708	4,758,392	16,596,397

18 INVESTMENT PROPERTIES (continued)

The fair value of the freehold interest in Group's investment properties at 31 December 2018 was determined by the management based on valuations performed by independent and renowned external valuers. The valuation was performed in accordance with the RICS valuation standards, adopting the IFRS basis of fair value and using established valuation techniques. The value of the investment properties has been determined through analysis of the income cash flow achievable for the buildings and takes into account the projected annual expenditure. Both the contracted rent and estimated rental values have been considered in the valuation with allowances for void periods, running costs, vacancy rates and other costs. Based on the type and location of the property, the value of each of the properties has been determined by capitalising the estimated net income at an equivalent yield in the range of 7.00% to 10.48% (2017: 7.00% to 10.79%) (income capitalisation method); or assuming rental growth rates of 3%, discount rates of 9.25% to 11.62% and exit cap rates of 5.75% to 8.75% (discounted cash flow method). Where there are outstanding construction costs to complete the property these have been reflected in the valuation (residual method).

The fair value of investment properties is AED 66,697,223 thousands (2017: AED 64,625,549 thousands) compared with a carrying value of AED 19,768,447 thousands (2017: AED 16,596,397 thousands).

Investment properties represent the Group's interest in land and buildings situated in the UAE, India, Turkey and Egypt.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of its investment properties by valuation technique:

	Total AED'000	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***
2018	**66,697,223**	**-**	**-**	**66,697,223**
2017	64,625,549	-	-	64,625,549

Any significant movement in the assumptions used for the fair valuation of investment properties such as discount rates, yield, rental growth, vacancy rate etc. would result in significantly lower / higher fair value of those assets.

19 INTANGIBLE ASSETS

	Goodwill AED'000	*Brand AED'000*	*Customers relationship AED'000*	*Software AED'000*	*Total AED'000*
2018:					
Cost:					
At 1 January 2018	411,078	164,300	51,700	4,300	631,378
Additions	-	-	-	1,009	1,009
At 31 December 2018	**411,078**	**164,300**	**51,700**	**5,309**	**632,387**
Amortisation:					
At 1 January 2018	-	-	3,881	538	4,419
Charge for the year	-	-	10,227	1,418	11,645
At 31 December 2018	**-**	**-**	**14,108**	**1,956**	**16,064**
Net carrying amount:					
At 31 December 2018	**411,078**	**164,300**	**37,592**	**3,353**	**616,323**

19 INTANGIBLE ASSETS (continued)

	Goodwill AED'000	Brand AED'000	Customers relationship AED'000	Software AED'000	Total AED'000
2017:					
Cost:					
At 1 January 2017	46,066	-	-	-	46,066
Acquisition of a subsidiary (note 4)	365,012	164,300	51,700	4,300	585,312
At 31 December 2017	411,078	164,300	51,700	4,300	631,378
Amortisation:					
Charge for the year	-	-	3,881	538	4,419
At 31 December 2017	-	-	3,881	538	4,419
Net carrying amount:					
At 31 December 2017	411,078	164,300	47,819	3,762	626,959

During the prior year, the Group acquired a 51% equity stake in Namshi. The transaction represents a business combination under IFRS 3 '*Business Combination*' and has been accounted for using the acquisition method of accounting, and accordingly, the consideration paid has been allocated based on the fair values of the assets acquired and liabilities assumed. This has resulted in recognition of goodwill of AED 365,012 thousands and other intangible assets of AED 220,300 thousands (refer Note 4).

Impairment assessment of goodwill
The goodwill relates to the operations of Hamptons in the MENA region and Namshi and has been tested for impairment using a value in use model. The calculation of value in use was sensitive to the following assumptions:

(i) Gross margins - Gross margins were based on the expectations of management based on past experience and expectation of future market conditions.

*(ii) Discount rate*s - Discount rates reflected management's estimate of the specific risks. The discount rate was based on the risk free rate of the investment's country, market risk premium related to the industry and individual unit related risk premium/ discount. This was the benchmark used by management to assess performance and to evaluate future investment proposals. Management estimated that such discount rate to be used for evaluation of the investment should be between 7% and 13.4% (2017: 7% and 15.1%).

(iii) Growth rate estimates - Management prepared a five-year budget based on their expectations of future results, thereafter a growth rate of 0.5% to 16% (2017: 0.5% to 12%) was assumed.

Impairment assessment of brand
Brand name has been determined to have an indefinite useful life as it relates to the ongoing use of the Namshi brand, and are assessed for impairment annually based on their value-in-use. Brand name has been allocated for impairment testing to online retail business segment. Brand is valued under the Relief from Royalty Method considering an indefinite useful life in line with comparable data on licensing arrangements in similar industries. The calculation of value in use was sensitive to the following assumptions:

(i) Brand maintenance costs - Brand maintenance costs has been included as actual selling / marketing expenses incurred to develop and promote the brand, cost of business development personnel has been assumed at 60% to 80% of total marketing spend based on benchmarks of companies in similar industries.

19 INTANGIBLE ASSETS (continued)

(ii) Remaining useful life ('RUL') and Estimation of royalty rate - In order to derive an appropriate royalty rate, arrangements in comparable industries with royalty rates averaging 2.0% were used (2017: 2%). Indefinite RUL is based on benchmarking data of comparable in similar industries.

(iii) Discount rate – The discount rate on brand has been estimated as weighted average cost of capital plus 5%. The discount rate used has accordingly been set between 19.1% and 20.1% (2017: 19.1% and 20.1%).

The assumptions for Gross margin and growth rates remain same as used for the goodwill.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the goodwill and brand, management believes that no reasonably possible change in a key assumption would cause the carrying value of the goodwill to materially exceed its recoverable amount.

20 TRADE AND OTHER PAYABLES

	2018 AED'000	*2017 AED'000 (Restated)*
Project contract cost accruals and provisions	**5,622,716**	4,686,913
Creditors for land purchase	**3,936,780**	2,333,010
Deferred income tax payable	**1,874,352**	2,080,365
Trade payables	**1,337,018**	773,288
Payable to non-controlling interests	**630,888**	435,561
Put option over non-controlling interests (i)	**488,452**	468,658
Dividends payable	**291,438**	294,842
Income tax payable (note 9)	**118,991**	91,665
Contingent liabilities arising on acquisition of a subsidiary	**17,157**	18,694
Other payables and accruals	**3,652,583**	3,009,553
	17,970,375	14,192,549

(i) Pursuant to the Shareholders' Agreement with GFG for the acquisition of Namshi, the Group and GFG are entitled to various put and call options, including an interim put option by which GFG has right to require the Group to acquire its entire shareholding in Namshi at fixed price determined as part of the Shareholders' agreement.

The Group has recognised a financial liability of AED 488,452 thousands in the consolidated statement of financial position as at 31 December 2018 (2017: AED 468,658 thousands). This represents the present value of the estimated redemption amount payable by the Group in the event exercise of the right by GFG. The present value of the estimated redemption amount is determined using valuation techniques, such as the discounted cash flow model. Discount rates are calculated by using the weighted average cost of capital. Subsequent to the year end, Group acquired GFG's stake in Namshi for an amount of AED 475,906 thousands and consequently Namshi became a fully owned subsidiary of the Group.

Trade and other payables are non-interest bearing and for explanations on the Group's credit risk management process (refer note 33).

21 ADVANCES FROM CUSTOMERS

	2018 AED'000	*2017 AED'000 (Restated)*
Balance at the beginning of the year	**14,535,281**	15,754,394
Effect of restatement (note 2.4)	**3,349,029**	2,968,586
Balance at the beginning of the year *(Restated)*	**17,884,310**	18,722,980
Add: Amount billed during the year	**19,884,876**	15,865,453
Less: Revenue recognised during the year	**(23,286,341)**	(16,925,467)
Less: Foreign currency translation differences	**(513,434)**	228,019
Less: Forfeiture/other income recognised during the year	**(381,887)**	(6,675)
Balance at the end of the year	**13,587,524**	17,884,310

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied / partially unsatisfied as at 31 December 2018 is AED 41,829,230 thousands (2017: AED 46,915,452 thousands). The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 4 to 5 years.

Revenue during the year, as stated above, is significantly recognised from the balance at 1 January 2018.

22 RETENTIONS PAYABLE

	2018 AED'000	*2017 AED'000*
Retentions payable within 12 months	**548,480**	438,941
Retentions payable after 12 months	**728,491**	594,388
	1,276,971	1,033,329

23 INTEREST-BEARING LOANS AND BORROWINGS

	2018 AED'000	*2017 AED'000*
Balance at the beginning of the year	**14,320,300**	10,068,987
Add: Borrowings drawn down during the year	**5,238,467**	6,435,566
Less: Borrowings repaid during the year	**(5,917,036)**	(2,184,253)
Balance at the end of the year	**13,641,731**	14,320,300
Less: Unamortised portion of directly attributable costs	**(55,330)**	(70,724)
Net interest-bearing loans and borrowings at the end of the year	**13,586,401**	14,249,576
Interest-bearing loans and borrowings maturity profile:		
Within 12 months	**2,191,355**	2,146,095
After 12 months	**11,395,046**	12,103,481
Balance at the end of the year	**13,586,401**	14,249,576
Interest-bearing loans and borrowings located:		
Within UAE	**7,457,567**	9,069,269
Outside UAE	**6,128,834**	5,180,307
	13,586,401	14,249,576

23 INTEREST-BEARING LOANS AND BORROWINGS (continued)

The Group has the following secured and unsecured interest-bearing loans and borrowings:

Secured

- USD 500,000 thousands (AED 1,836,500 thousands) of Syndicated facility, secured against certain investment properties owned by the Group in Turkey, carries interest at LIBOR plus 1.50% per annum and fully repayable by 2022.

- USD 35,191 thousands (AED 129,257 thousands) loan from commercial bank, secured against certain assets in Lebanon, carries interest at 8.5% per annum and is repayable by 2022.

- USD 10,732 thousands (AED 39,419 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at 1.075% per annum and is repayable by 2020.

- AED 472,827 thousands represent partial drawdown out of AED 750,000 thousands loan facility from a commercial bank, secured against certain assets in the United Arab Emirates, carries interest at EIBOR plus 2.5% per annum and is repayable by 2026.

- INR 18,924,766 thousands (AED 999,133 thousands) loans from commercial banks and financial institutions, secured against certain assets in India, bearing interest at rates ranging from 8.57% to 12.85% per annum and repayable by 2023.

Unsecured

- During 2017, the Group has drawdown USD 1,080,000 thousands (AED 3,966,840 thousands) out of Murabaha financing facility from First Abu Dhabi Bank PJSC in UAE. The Murabaha facility is secured against cash flows of certain projects of the Group, carries profit rate at LIBOR plus 1.4% per annum and is fully repayable by 2022. The facility is presented in the consolidated financial statements at AED 3,931,028 thousands net of unamortised directly attributable transaction cost.

- During the year, the Group has drawdown USD 511,708 thousands (AED 1,879,504 thousands) out of USD 1,500,000 thousands (AED 5,509,500 thousands) Revolving Credit Line Facility (the “Facility”) availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.25% per annum and is repayable by 2021. The facility is presented in the consolidated financial statements at AED 1,871,342 thousands net of unamortised directly attributable transaction cost.

- During the year, the Group has drawdown USD 325,000 thousands (AED 1,193,725 thousands) out of USD 2,000,000 thousands (AED 7,346,000 thousands) Revolving Credit Line Facility (the “Facility”) availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.25% per annum and is repayable by 2021. The facility is presented in the consolidated financial statements at AED 1,182,370 thousands net of unamortised directly attributable transaction cost.

- PKR 5,574,226 thousands (AED 147,717 thousands) loans from commercial banks, bearing interest at KIBOR plus 0.10% per annum and repayable in 2019.

- PKR 2,042,264 thousands (AED 54,120 thousands) loans from commercial banks, bearing interest at KIBOR plus 0.10% per annum and repayable in 2019.

- EGP 10,822 thousands (AED 2,217 thousands) of funding facilities from commercial banks in Egypt, bearing interest at rates ranging up to 1.0% plus CBE Corridor Rate and repayable by 2021.

- USD 380,000 thousands (AED 1,395,740 thousands) loan from a commercial bank in Turkey, bearing interest at LIBOR plus 1.25% per annum and repayable by 2020.

- USD 56,997 thousands (AED 209,350 thousands) loans from commercial banks in Lebanon, bearing interest up to 4.58% per annum and repayable by 2020.

- SAR 120,000 thousands (AED 117,600 thousands) loan from a commercial bank bearing interest at SIBOR plus 1% per annum – SIBOR plus 2% per annum and are repayable in 2019.

- INR 22,685,246 thousands (AED 1,197,781 thousands) loans from commercial banks in India, bearing interest at 7.78% to 8.85% per annum and repayable by 2023. The banks have a lien of AED 64,503 thousands (2017: AED 55,565 thousands) (refer note 10) towards various facilities.

24 SUKUK

A. Emaar Sukuk Limited:

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has established a trust certificate issuance programme (the "Programme") pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousands (AED 7,346,000 thousands) of trust certificates in series.

Series 2:
On 18 July 2012, the Issuer had issued the second series of the trust certificates (the "Sukuk 2") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 2 is listed on NASDAQ Dubai and is due for repayment in 2019. Sukuk 2 carries a profit distribution at the rate of 6.4% per annum to be paid semi-annually. The carrying value of Sukuk 2 is as follows:

	2018 ***AED'000***	*2017* *AED'000*
Sukuk liability as at year-end	**1,835,270**	1,833,098

Series 3:
On 15 September 2016, the Issuer has issued the third series of the trust certificates (the "Sukuk 3") amounting to USD 750,000 thousands (AED 2,754,750 thousands) under the Programme. The Sukuk 3 is listed on NASDAQ Dubai and is due for repayment in 2026. Sukuk 3 carries a profit distribution at the rate of 3.64% per annum to be paid semi-annually. The carrying value of Sukuk 3 is as follows:

	2018 ***AED'000***	*2017* *AED'000*
Sukuk liability as at year-end	**2,746,576**	2,746,065

B. Emaar Malls Group (EMG) Sukuk Limited:

On 18 June 2014, the EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of EMG, has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands). The Sukuk is listed on the NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.6% per annum to be paid semi-annually. The carrying value of Sukuk is as follows:

	2018 ***AED'000***	*2017* *AED'000*
Sukuk liability as at year-end	**2,741,736**	2,739,689

The total Sukuk liability is as follows:

	2018 ***AED'000***	*2017* *AED'000*
Emaar Sukuk Limited:		
- Series 2	**1,835,270**	1,833,098
- Series 3	**2,746,576**	2,746,065
EMG Sukuk Limited:		
- Sukuk	**2,741,736**	2,739,689
Total Sukuk liability at the year-end	**7,323,582**	7,318,852

25 EMPLOYEE BENEFITS

End-of-Service Benefits
The movement in the provision for employees' end-of-service benefits was as follows:

	2018 ***AED'000***	*2017* *AED'000*
Balance at the beginning of the year	**162,707**	148,530
Add: Acquisition of a subsidiary (note 4)	**-**	3,345
Provided during the year	**33,310**	30,765
Paid during the year	**(33,207)**	(19,933)
Balance at the end of the year	**162,810**	162,707

Employees' Performance Share Programme
The Company has an Employee Performance Share Programme ("the Programme") to recognise and retain high performing staff. The Programme gives the employee the right to purchase the Company's shares at par. The shares carry full dividend and voting rights, and the option can be exercised at any time from the stipulated vested dates on the condition that the employee is still under employment at the exercise date. There are no cash settlement alternatives and the options have no contractual expiry date.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2018		*2017*	
	No.	**WAEP**	No.	WAEP
Outstanding at the beginning of the year	**59,743**	**AED 1.00**	59,743	AED 1.00
Granted during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Outstanding at the end of the year	**59,743**	**AED 1.00**	59,743	AED 1.00

The fair value of the vested shares is determined by reference to the official price list published by the Dubai Financial Market (DFM) for the 5 consecutive trading days prior to and after the vested date. As the options are granted deep in the money, management considers this to be an appropriate means of valuation.

26 SHARE CAPITAL

	2018 ***AED'000***	*2017* *AED'000*
Authorised capital: 7,159,738,882 shares of AED 1 each (2017: 7,159,738,882 shares of AED 1 each)	**7,159,739**	7,159,739
Issued and fully paid-up: 7,159,738,882 shares of AED 1 each (2017: 7,159,738,882 shares of AED 1 each)	**7,159,739**	7,159,739

27 RESERVES

	Statutory reserve AED'000	*Capital reserve / Put option over non-controlling interests AED'000*	*General reserves AED'000*	*Hedging reserves AED'000*	*Share premium AED'000*	*Net unrealised gains (losses) reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance as at 1 January 2017	15,220,245	3,660	4,877,894	(15,008)	578,234	(1,127,108)	(3,340,888)	16,197,029
Effect of changes due to restatement (note 2.4)	-	-	-	-	-	-	21,892	21,892
Balance as at 1 January 2017 *(Restated)*	15,220,245	3,660	4,877,894	(15,008)	578,234	(1,127,108)	(3,318,996)	16,218,921
Increase/(decrease) in unrealised reserve	-	-	-	25,167	-	(24,309)	-	858
Increase in foreign currency translation reserve	-	-	-	-	-	-	268,715	268,715
Net gain / (loss) recognised directly in equity	-	-	-	25,167	-	(24,309)	268,715	269,573
Put option over non-controlling interests	-	(396,636)	-	-	-	-	-	(396,636)
Net movement during the year	-	-	570,429	-	-	-	-	570,429
Balance as at 31 December 2017 *(Restated)*	15,220,245	(392,976)	5,448,323	10,159	578,234	(1,151,417)	(3,050,281)	16,662,287
Decrease in unrealised reserve	-	-	-	2,191	-	(206,425)	-	(204,234)
Decrease in foreign currency translation reserve	-	-	-	-	-	-	(473,009)	(473,009)
Net gain / (loss) recognised directly in equity	-	-	-	2,191	-	(206,425)	(473,009)	(677,243)
Other comprehensive income reclassified to the consolidated income statement	-	-	-	(12,350)	-	-	-	(12,350)
Net movement during the year	-	-	610,804	-	-	-	-	610,804
Balance as at 31 December 2018	15,220,245	(392,976)	6,059,127	-	578,234	(1,357,842)	(3,523,290)	16,583,498

27 RESERVES (continued)

According to Article number 57 of the Articles of Association of the Company and Article 239 of the UAE Federal Law No. (2) of 2015, 10% of annual net profits are allocated to the statutory reserve and another 10% to the general reserve. The transfers to the statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. Transfers to the general reserve may be suspended by the ordinary general assembly when the reserve reaches 50% of the paid-up capital.

The statutory reserve is in excess of 50% of the paid-up share capital of the Company and therefore in accordance with a resolution of the Annual General Meeting, the Group has ceased further transfers to this reserve.

The statutory reserve includes:

- AED 2,475,000 thousands being the premium collected at AED 15 per share (shares par value at that time was AED 10 per share) on the 1:1.65 rights issue during the year ended 31 December 1998;

- AED 11,321,656 thousands being the premium collected to date at AED 4 per share (share par value at AED 1 per share) on the 1:1 rights issue announced during the year ended 31 December 2005;

- AED 1,348,331 thousands being the premium of AED 3.38 per share (share par value at AED 1 per share) on conversion of the notes having face value of USD 475,700 thousands (AED 1,747,246 thousands) on 22 January 2014; and

- AED 63,207 thousands being the premium of AED 3.38 per share (share par value at AED 1 per share) on conversion of the Notes having face value of USD 22,300 thousands (AED 81,907 thousands) on 22 December 2014.

Share premium relates to dilution of investment in Emaar Misr for Development SAE.

Capital reserve/ put option over non-controlling interest:

- Capital reserve of AED 3,660 thousands was created from the gain on sale of treasury shares in 2003.

- Put option over non-controlling interest represents present value of the put option over the non-controlling interest in Namshi. Also refer note 20.

Net unrealised gains/(losses) reserve:
- This reserve records fair value changes in financial assets at fair value through other comprehensive income and the Group's share in fair value reserve of the associated companies.

Foreign currency translation reserve:
- The foreign currency translation reserve is used to record exchange difference arising from translation of the financial statements of foreign subsidiaries, associates and joint ventures.

Hedging reserves:
- Hedging reserves represents the effective portion of the gain or loss on the interest rate swap contracts held by the Group.

28 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to the owners of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the Parent (after adjusting for interest on the convertible notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

28 EARNINGS PER SHARE (continued)

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

	2018 ***AED'000***	*2017* *AED'000* *(Restated)*
Earnings:		
Profit attributable to the owners of the Parent	**6,108,039**	5,572,427

	2018	*2017*
Number of shares in thousands		
Weighted-average number of ordinary shares for basic earnings per share	**7,159,739**	7,159,739

	2018	*2017*
Earnings per share:		
- basic and diluted earnings per share (AED)	**0.85**	0.78

29 GUARANTEES AND CONTINGENCIES

a) Guarantees

1. The Group has issued financial guarantees and letters of credit of AED 237,917 thousands (2017: AED 319,093 thousands).
2. The Group has provided a financial guarantee of AED 5,000 thousands (2017: AED 5,000 thousands) as security for the letter of guarantee issued by a commercial bank for issuance of a trade license from the Government of Dubai.
3. The Group has provided a financial guarantee of AED 3,287 thousands (2017: AED 3,287 thousands) as security for the performance of its contractual obligations.
4. The Group has provided a performance guarantee of AED 5,693,327 thousands (2017: AED 4,965,106 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.
5. The Group has provided a corporate guarantee of AED 73,460 thousands (2017: AED 73,460 thousands) to a commercial bank as security for the guarantees issued by the bank on behalf of the joint venture of the Group.
6. The Group has provided performance guarantees of AED 96,778 thousands (2017: AED 101,031 thousands) to various government authorities in India for its projects.
7. The Group has provided a letter of credit of USD 4,936 thousands (AED 18,130 thousands) (2017: AED 17,771 thousands) in Egypt for its project. The bank has a lien of USD 4,936 thousands (AED 18,130 thousands) (2017: AED 17,771 thousands) (refer note 10) towards this letter of credit.
8. The Group has provided a bank guarantee of EGP 50,000 thousands (AED 10,253 thousands) (2017: AED 10,329 thousands) to government authority in Egypt for its project. The bank has a lien of EGP 50,000 thousands (AED 10,253 thousands) (2017: AED 10,329 thousands) (refer note 10) towards this bank guarantee.
9. The Group has provided a financial guarantee of INR 7,131,000 thousands (AED 376,481 thousands) to a company controlled by other promoter group of EMGF. The Group has recorded the financial guarantee contract at its fair value of INR 161,473 thousands (AED 8,525 thousands) as at reporting date.

29 GUARANTEES AND CONTINGENCIES (continued)

b) Contingencies

(i) Andhra Pradesh Industrial Infrastructure Corporation Ltd. ("APIIC"), a joint venture partner in certain subsidiaries of the Group in India, issued a legal notice to the Company to terminate certain development and operational management agreements which were entered into between Emaar MGF Land Limited, Emaar Hills Township Private Limited ("EHTPL" – a joint venture of the Group with APIIC) and Boulder Hills Leisure Private Limited ("BHLPL" – a joint venture of the Group with APIIC). APIIC has filed another suit against EMGF to restrain EMGF from carrying out any activity related to these developments. In addition, there were a number of litigations which were initiated against the Group by third parties on the grounds of irregularities in acquisition and allocation of land.

The Group, based on legal advice, is of the opinion that all the aforesaid suites filed by APIIC shall be settled amicably by the parties under the Arbitration and Conciliation Act, 1996 of India or as per the Dispute Redressal Mechanism provided under AP Infrastructure Development Enabling Act, 2001 of India. Pending completion of various ongoing legal proceedings related to the above mentioned projects and based on the legal advice received, the management of the Group believes that the allegations/matters raised are contrary to the factual position and hence are not tenable.

(ii) Emaar Misr for Development S.A.E. ("Emaar Misr"), a subsidiary of the Group incorporated and operating in Egypt, received a request for arbitration initiated by El Nasr Housing and Development Company in connection with Zahraa Al-Mokattam land sales agreement. Management is confident that it has a strong legal position, the arbitration will be decided in its favor and will not have material financial impact on the consolidated financial statements of the Group.

(iii) Emaar MGF Construction Private Limited (EMCPL), a subsidiary of the Group, had developed and constructed the Commonwealth Games Village (CWGV) in India on a PPP model as per Project Development Agreement (PDA) entered with Delhi Development Authority (DDA). After acknowledging the project completion by issuing occupancy certificate, DDA invoked the performance Bank Guarantee (BG) of INR 1,830 million (AED 97 million) on account of Liquidated Damages (LD) and other claims alleging that EMCPL stating that EMCPL had not been able to achieve the time lines as per the terms of PDA. EMCPL contested the invocation of the BG with the High Court, which disposed of the said appeal by forming an Arbitral Tribunal and referred all disputes to the Arbitral Tribunal. Arbitral Tribunal directed both the parties to file their respective claims. Pursuant to this, EMCPL filed statement of facts along with claims amounting to INR 14,182 million (AED 749 million). DDA filed their reply to EMCPL's statement of facts and claims and also filed their counter claims amounting to INR 14,460 million (AED 763 million) including LD. The above matter is pending before the Arbitral Tribunal.

Management believes, based on legal opinion, that EMCPL has met the requirements as per PDA and the LD imposed / BG invoked and other claims raised by DDA are not justifiable.

(iv) Ahluwalia Contracts (India) Limited (the "Contractor") appointed by EMCPL for the construction of the CWGV had filed certain claims which were not accepted by the EMCPL. Consequently, the Contractor invoked the arbitration and filed claims amounting to INR 4,200 million (AED 222 million) relating to the works supposed to have been carried out but not accepted by EMCPL. EMCPL also filed counter claims amounting to INR 11,703 million (AED 618 million) against the Contractor for deficient and defective works, adjustments in billing and payments in line with the contract and also a back to back claim on account of the invocation of the BG as stated above.

EMCPL believes that the Contractor has defaulted as per the Contract and claims raised by them are not in accordance with the terms of the contract. Accordingly, EMCPL is hopeful of a favourable decision from the arbitration panel.

(v) Subsequent to the reporting date, a corporate insolvency resolution process ("CIRP") has been initiated against EMGF vide an order of the National Company Law Tribunal ("NCLT") dated 24 January 2019 under the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC"). Pursuant to the order, the powers of the board of directors of EMGF stands suspended and are exercisable by Interim Resolution Professional ("IRP") appointed by the NCLT. Further, on 1 February 2019, on an appeal filed against the NCLT order by EMGF, the National Company Law Appellate Tribunal ("NCLAT") has passed an interim order directing that until further order or without its prior approval, IRP will not constitute committee of creditors and will ensure that the company remains going concern. The matter is now listed on 4 April 2019 before NCLAT for the next hearing and the management is hopeful of a favorable decision will be obtained in the matter from NCLAT for a complete stay on the CIRP.

30 COMMITMENTS

At 31 December 2018, the Group had commitments of AED 17,268,640 thousands (2017: AED 23,936,182 thousands) which include project commitments of AED 16,606,705 thousands (2017: AED 23,078,164 thousands). This represents the value of contracts entered at 31 December 2018 net of invoices received and accruals made at that date. There were certain claims submitted by contractors relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

Operating lease commitments - Group as lessee
The Group has entered into various operating lease agreements for properties, office facilities and equipment. These leases have an average life of between 1 to 10 years. There are no restrictions placed upon by the Group on entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2018 ***AED'000***	*2017* *AED'000*
Within one year	**115,822**	130,110
After one year but not more than five years	**159,933**	244,063
More than five years	**29,210**	463,611
	304,965	837,784

Operating lease commitments - Group as lessor
The Group has entered into leases on its investment property portfolio. The future minimum rentals receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2018 ***AED'000***	*2017* *AED'000*
Within one year	**2,863,009**	3,278,492
After one year but not more than five years	**7,122,364**	5,866,607
More than five years	**1,786,020**	1,462,484
	11,771,393	10,607,583

31 DIVIDENDS

A special cash dividend of AED 0.42 per share from the proceeds of sale of the Company's interest in Emaar Development PJSC was approved by the shareholders of the Company at the General Meeting of the Company held on 14 January 2018.

Further, a cash dividend of AED 0.14 per share for 2017 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 22 April 2018.

A cash dividend of AED 0.15 per share for 2018 is proposed by the Board of Directors of the Company subject to the approval of shareholders in the forthcoming Annual General Meeting.

32 RELATED PARTY DISCLOSURES

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party transactions
During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	2018 ***AED'000***	*2017* *AED'000*
Associates and Joint Ventures:		
Property development expenses	**125,263**	156,259
Capital expenditure	**54,466**	47,793
Islamic finance income	**2,404**	3,351
Selling, general and administrative expenses	**7,171**	3,217
Revenue from leasing and related income	**6,171**	4,830
Cost of revenue	**1,103**	4,476
Other operating income	**849**	1,078

	2018 ***AED'000***	*2017* *AED'000*
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	**106,300**	100,841
Rental income from leased properties and related income	**46,511**	68,092
Other finance income	**40,460**	16,037
Islamic finance income	**9,076**	22,200
Finance costs incurred on interest-bearing loans and borrowings	**1,626**	2,498
Revenue from hospitality	**948**	470
Cost of revenue	**720**	15,618
Property development expenses	**660**	851
Sale of property	**-**	24,012
Other operating income	**-**	176

Related party balances
Significant related party balances (and the consolidated statement of financial position captions within which these are included) are as follows:

	2018 ***AED'000***	*2017* *AED'000*
Associates and Joint Ventures:		
Trade and other payables	**46,614**	49,214
Trade and unbilled receivables	**424**	229
Advance from customers	**243**	112
Directors, Key management personnel and their related parties:		
Bank balances and cash	**134,125**	1,594,185
Trade receivables	**7,895**	1,340
Other assets, receivables, deposits and prepayments	**747,896**	740,761
Trade and other payables	**40**	2,140
Advance from customers	**12,084**	12,503
Interest-bearing loans and borrowings	**-**	12,856

32 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows:

	2018 ***AED'000***	*2017* *AED'000*
Short-term benefits	**429,527**	378,219
Employees' end-of-service benefits	**15,551**	21,674
	445,078	399,893

During the year, the number of key management personnel is 240 (2017: 251).

During the year, the Company has paid a bonus of AED 7,100 thousands to the non-executive members of the Board of Directors for the year 2017 as approved by the shareholders at the Annual General Meeting of the Company held on 22 April 2018 (2017: AED 35,330 thousands).

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview
The Group has exposure to the following risks from its use of financial instruments:

a) Credit risk;
b) Market risk; and
c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing loans and borrowings, sukuk, retentions payable and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as bank balances and cash, trade and unbilled receivables, investment in securities, loan to joint ventures and associates and other receivables and deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate swap contracts. The purpose is to manage the interest rate risk arising from the Group's sources of finance.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its receivables from customers, other receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade, unbilled and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 97% (2017: 94%) of the Group's trade and unbilled receivables are based in Middle East and North Africa.

The Group has entered into contracts for the sale of residential and commercial units and plots of land on an instalment basis. The instalments are specified in the contracts. The Group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential, commercial units and plots of land is transferred to the buyer only after all the instalments are recovered. In addition, instalment dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment at each reporting date that represents its estimate of expected credit losses in respect of trade, unbilled and other receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Other financial assets and cash deposits
With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and cash, investment in securities, loans to associates and joint ventures, other receivables and deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. The Group limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail in meeting its obligations.

Guarantees
The Group's policy is to provide financial guarantees only to its subsidiaries and certain associates and joint ventures. For details of guarantees outstanding as at the reporting date refer note 29 to the consolidated financial statements.

Excessive risk of concentration
Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk, interest rate risk and equity prices risks, which will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include interest-bearing loans and borrowings, sukuk, deposits, investment in securities and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group also enters into derivative transactions, primarily interest rate swap and put option over non-controlling interests. The purpose is to manage the interest rate risk arising from the Group's sources of finance.

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

Exposure to interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. It also enters into an interest rate swap contracts to hedge the interest rate risk of the firm commitment (also refer note 35). Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rates is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Group's exposure to market risk for changes in interest rate environment relates mainly to its borrowing from financial institutions, investment in financial products and fixed deposits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, after the impact of hedge accounting, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

	2018		*2017*	
	Change in basis points	***Sensitivity of interest income/ expense AED'000***	*Change in basis points*	*Sensitivity of interest income/ expense AED'000*
Financial liabilities	± 100	**132,689**	± 100	106,715

The interest rate sensitivity set out above relates primarily to the AED and USD denominated financial assets and financial liabilities as the Group does not have any significant net exposure for financial assets and financial liabilities denominated in currencies other than the AED or currencies pegged to the USD.

The investments in financial products are not for trading or speculative purposes but placed in securities or fixed deposits, with the objective of achieving better returns than cash at bank. The interest rates on loans to associates and joint ventures are described in note 15 to the consolidated financial statements. Interest rates on loans from financial institutions are disclosed in note 23 to the consolidated financial statements.

Exposure to foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's significant monetary assets and liabilities denominated in foreign currencies are either in USD or in currencies pegged to USD. As the AED is currently pegged to the USD, balances in USD and other currencies pegged against USD are not considered to represent significant currency risk.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to foreign currency risk (continued)
However, the Group's exposure to the risk of changes in foreign exchange rates primarily relates to the Group's net investments in those subsidiaries and associates where functional currencies are denominated in a different currency from the Group's functional currency and which are not pegged to the AED and USD. The foreign currency exchange differences arising upon consolidation of these entities for the purpose of preparation of the Group's consolidated financial statements are recorded in the consolidated statement of changes in equity through the consolidated statement of comprehensive income.

The table below indicates the sensitivity analysis of a change in foreign exchange rates of these currencies and their impact on other comprehensive income:

	2018		*2017 (Restated)*	
Currency	***Change in currency rate in %***	***Effect on equity AED'000***	*Change in currency rate in %*	*Effect on equity AED'000*
INR	+10	**125,752**	±10	282,769
EGP	+10	**310,103**	±10	246,318
Other currencies not pegged to US Dollar	+10	**10,427**	±10	15,360

Exposure to equity price risk
Equity price risk is the risk that the fair values of equities increase or decrease as a result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio. Equity price risk arises from equity instruments held by the Group at fair value through other comprehensive income and fair value through profit and loss. Management of the Group monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed by qualified fund managers as well as on an individual basis. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on fair value of equity instruments (as a result of a change in the fair value of equity instruments held at fair value through other comprehensive income and fair value through profit and loss as at 31 December 2018) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2018		*2017*	
	Change in equity price in %	***Effect on equity AED'000***	*Change in equity price in %*	*Effect on equity AED'000*
Quoted investments	**+10**	**55,491**	±10	76,321

Exposure to overseas country risks
Management monitors political and economic events and developments in countries where the Group operates to assess the likelihood of any potential impact to the Group's financial position and results of operations.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of Group Treasury. The objective of this centralised system is to optimise the efficiency and effectiveness of the management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings and finance lease contracts. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk (continued)

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Financial liabilities	***Less than 3 months AED'000***	***3 to 12 months AED'000***	***1 to 5 years AED'000***	***Over 5 years AED'000***	***Total AED'000***
As at 31 December 2018					
Interest-bearing loans and borrowings	**1,083,103**	**2,078,740**	**13,112,227**	**234,097**	**16,508,167**
Retentions payable	**113,301**	**548,480**	**615,190**	**-**	**1,276,971**
Payable to non-controlling interests	**-**	**-**	**630,888**	**-**	**630,888**
Dividend payable	**291,438**	**-**	**-**	**-**	**291,438**
Sukuk	**171,699**	**2,008,199**	**903,448**	**5,872,768**	**8,956,114**
Other liabilities	**4,665,839**	**3,460,758**	**6,496,987**	**308,205**	**14,931,789**
Total undiscounted financial liabilities	**6,325,380**	**8,096,177**	**21,758,740**	**6,415,070**	**42,595,367**

Financial liabilities	*Less than 3 months AED'000*	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
As at 31 December 2017 (Restated)					
Interest-bearing loans and borrowings	1,490,804	1,332,472	18,066,953	245,887	21,136,116
Retentions payable	44,119	394,821	594,389	-	1,033,329
Payable to non-controlling interests	-	-	435,561	-	435,561
Dividend payable	294,842	-	-	-	294,842
Sukuk	108,836	234,562	2,857,484	6,098,631	9,299,513
Other liabilities	2,837,492	2,910,604	5,178,868	89,708	11,016,672
Total undiscounted financial liabilities	4,776,093	4,872,459	27,133,255	6,434,226	43,216,033

d) Capital management

Capital includes equity attributable to the equity holders of the Parent. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, interest bearing loans and borrowings and sukuk less cash and cash equivalents. Capital includes equity attributable to the owners of the Parent less the net unrealised gains/ (losses) reserve. At 31 December 2018, the Groups' gearing ratio is 17% (2017: 10%). The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board of Directors also monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to shareholders, the return on capital to shareholders or issuance of new shares to maintain or adjust the capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade and unbilled receivables, investment in securities, loans and advances, other receivables, deposits and due from related parties. Financial liabilities of the Group include customer deposits, interest-bearing loans and borrowings, sukuk, accounts payable, retentions payable and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

35 HEDGING ACTIVITIES

Cash flow hedges
At 31 December 2017, the Group held certain interest rate swap contract designated as a hedge of expected future payments under the borrowing contracts entered by the Group for which it has firm commitments. The interest rate swap contract is being used to hedge the interest rate risk of the firm commitments. The nominal amount of these contracts was USD 725,000 thousands (AED 2,662,925 thousands). During 2018, the hedge relationship ceased to exist and accordingly the interest rate swap contract has been designated as a fair value derivative through profit or loss as at 31 December 2018. The fair value of these contract as at 31 December 2018 amounted to AED 14,593 thousands.

	2018		*2017*	
	Assets AED'000	***Liabilities AED'000***	*Assets AED'000*	*Liabilities AED'000*
Interest rate swap contracts				
Fair value	-	-	12,004	-

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of cash flow hedges by valuation technique:

	Total AED'000	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***
2018				
Interest rate swap contracts	-	-	-	-
2017				
Interest rate swap contracts	12,004	-	12,004	-

Valuation techniques
The present value of interest rate swaps is computed by determining the present value of the fixed leg and the floating leg interest flows. The value of the fixed leg is given by the present value of the fixed coupon payments. The value of the floating leg is given by the present value of the floating coupon payments determined at the agreed dates of each payment. The forward rate for each floating payment date is calculated using the forward curves.

36 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries of the Group that have material non-controlling interest are provided below:

	Country of incorporation	*Ownership 2018*	*Ownership 2017*
Emaar Malls PJSC	UAE	**84.63%**	84.63%
Emaar Development PJSC	UAE	**80.00%**	80.00%
Emaar Misr for Development SAE	Egypt	**88.74%**	88.74%
Renaissance Metn SAL	Lebanon	**65.00%**	65.00%
Emaar Giga Karachi Limited	Pakistan	**73.12%**	73.12%
Emaar Middle East LLC	KSA	**61.00%**	61.00%
Emaar MGF Land Limited	India	**57.33%**	57.33%

The following table summarises the statement of financial position of these subsidiaries as at 31 December 2018. This information is based on the amounts before inter-company elimination.

	Emaar Malls PJSC AED'000	*Emaar Development PJSC AED'000*	*Emaar Misr for Development SAE AED'000*	*Renaissance Metn SAL AED'000*	*Emaar Giga Karachi Limited AED'000*	*Emaar Middle East LLC AED'000*	*Emaar MGF Land Limited AED'000*
Total assets	**24,131,520**	**30,577,780**	**6,262,501**	**683,095**	**915,445**	**2,906,214**	**12,230,205**
Total liabilities	**6,723,396**	**19,910,877**	**2,795,313**	**546,684**	**1,107,053**	**2,832,409**	**10,248,520**
Total equity	**17,408,124**	**10,666,903**	**3,467,188**	**136,411**	**(191,608)**	**73,805**	**1,981,685**
Attributable to:							
Owners of the Parent	**14,600,353**	**6,355,790**	**3,101,026**	**88,667**	**(130,531)**	**(21,850)**	**1,077,385**
Non-controlling interest	**2,807,771**	**4,311,113**	**366,162**	**47,744**	**(61,077)**	**95,655**	**904,300**

The following table summarises the income statement of these subsidiaries as at 31 December 2018. This information is based on the amounts before inter-company elimination.

	Emaar Malls PJSC AED'000	*Emaar Development PJSC AED'000*	*Emaar Misr for Development SAE AED'000*	*Renaissance Metn SAL AED'000*	*Emaar Giga Karachi Limited AED'000*	*Emaar Middle East LLC AED'000*	*Emaar MGF Land Limited AED'000*
Revenue	**4,445,894**	**15,433,410**	**1,313,077**	**57,588**	**-**	**106,912**	**1,342,204**
Profit / (loss) for the year	**2,200,089**	**5,634,620**	**743,166**	**(7,222)**	**(60,032)**	**(34,664)**	**58,152**
Total comprehensive income for the year	**2,200,089**	**5,634,620**	**743,166**	**(7,222)**	**(60,032)**	**(34,664)**	**58,152**
Attributable to:							
Owners of the Parent	**1,887,252**	**3,120,927**	**659,486**	**(4,694)**	**(43,895)**	**(21,145)**	**33,338**
Non-controlling interest	**312,837**	**2,513,693**	**83,680**	**(2,528)**	**(16,137)**	**(13,519)**	**24,814**

36 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

The following table summarises the statement of financial position of these subsidiaries as at 31 December 2017 *(Restated)*. This information is based on the amounts before inter-company elimination.

	Emaar Malls PJSC AED'000	*Emaar Development PJSC AED'000*	*Emaar Misr for Development SAE AED'000*	*Renaissance Metn SAL AED'000*	*Emaar Giga Karachi Limited AED'000*	*Emaar Middle East LLC AED'000*	*Emaar MGF Land Limited AED'000*
Total assets	26,428,099	24,173,308	4,973,199	612,667	989,819	2,884,568	18,894,692
Total liabilities	9,433,072	17,973,525	2,224,793	469,036	1,136,034	2,776,099	13,873,061
Total equity	16,995,027	6,199,783	2,748,406	143,631	(146,215)	108,469	5,021,631
Attributable to:							
Owners of the Parent	14,305,593	4,066,863	2,463,178	93,360	(97,339)	(705)	2,827,694
Non-controlling interest	2,689,434	2,132,920	285,228	50,271	(48,876)	109,174	2,193,937

The following table summarises the income statement of these subsidiaries as at 31 December 2017 *(Restated)*. This information is based on the amounts before inter-company elimination.

	Emaar Malls PJSC AED'000	*Emaar Development PJSC AED'000*	*Emaar Misr for Development SAE AED'000*	*Renaissance Metn SAL AED'000*	*Emaar Giga Karachi Limited AED'000*	*Emaar Middle East LLC AED'000*	*Emaar MGF Land Limited AED'000*
Revenue	3,628,767	8,862,968	1,134,029	82,446	-	262,567	909,460
Profit / (loss) for the year	2,079,816	3,315,307	524,778	(908)	(23,509)	11,303	(105,324)
Total comprehensive income for the year	2,100,018	3,315,307	524,778	(908)	(23,509)	11,303	(105,324)
Attributable to:							
Owners of the Parent	1,782,381	2,683,926	458,191	(1,397)	(32,151)	15,909	(60,382)
Non-controlling interest	317,637	631,381	66,587	489	8,642	(4,606)	(44,942)