Emaar Development PJSC and its Subsidiary

(Formerly known as Emaar Development LLC)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

Emaar Development PJSC and its Subsidiary
(Formerly known as Emaar Development LLC)

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For the Period Ended 31 December 2017

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Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT TO THE SHAREHOLDERS OF EMAAR DEVELOPMENT PJSC (FORMERLY KNOWN AS EMAAR DEVELOPMENT LLC) AND ITS SUBSIDIARY

Introduction

We have reviewed accompanying interim condensed consolidated financial statements of Emaar Development PJSC (formerly known as Emaar Development LLC) (the "Company") and its subsidiary (the "Group") as at 31 December 2017, comprising of the interim consolidated statement of financial position as at 31 December 2017, and the related interim consolidated statements of comprehensive income, statement of changes in equity and cash flows for the period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Ernst & Young

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

14 February 2018

Dubai, United Arab Emirates

Emaar Development PJSC and its Subsidiary
(Formerly known as Emaar Development LLC)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period & year ended 31 December 2017 (Unaudited)

(US$ 1.00 = AED 3.673)

	Notes	21 November 2017 to 31 December 2017 AED'000	1 January 2017 to 31 December 2017 AED'000	1 January 2016 to 31 December 2016 AED'000 (Audited)
Revenue	4	**1,178,125**	**8,862,968**	6,898,599
Cost of revenue	4	**(639,723)**	**(5,101,768)**	(4,037,246)
GROSS PROFIT		**538,402**	**3,761,200**	2,861,353
Selling, general and administrative expenses	5	**(107,524)**	**(645,822)**	(577,148)
Finance income	6	**17,647**	**130,495**	124,388
Finance costs		**(16,431)**	**(36,681)**	(13,865)
Other income		**8,711**	**103,275**	59,744
Share of results of joint ventures	12	**7,601**	**2,840**	(2,575)
PROFIT FOR THE PERIOD / YEAR		**448,406**	**3,315,307**	2,451,897
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR		**448,406**	**3,315,307**	2,451,897
ATTRIBUTABLE TO:				
Owners of the Parent		**293,473**	**2,742,621**	2,112,403
Non-controlling interest		**154,933**	**572,686**	339,494
		448,406	**3,315,307**	2,451,897
Earnings per share attributable to the owners of the parent:				
- basic and diluted earnings per share (AED)		**0.07**	**3.29**	7,041,343

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Emaar Development PJSC and its Subsidiary
(Formerly known as Emaar Development LLC)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	*31 December 2017 AED'000 (Unaudited)*	*31 December 2016 AED'000 (Audited)*
		(US$ 1.00 = AED 3.673)	
ASSETS			
Bank balances and cash	7	9,611,896	9,753,544
Trade and unbilled receivables	8	1,566,296	1,472,280
Other assets, receivables, deposits and prepayments	9	3,186,971	1,777,140
Development properties	10	9,359,957	6,022,305
Loans to joint ventures	11	380,449	13,016
Investments in joint ventures	12	565	-
Property, plant and equipment		67,174	81,615
TOTAL ASSETS		24,173,308	19,119,900
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	13	5,812,255	3,032,355
Advances from customers		7,695,335	8,135,670
Interest-bearing loans and borrowings	14	3,966,840	-
Retentions payable		477,872	418,745
Employees' end-of-service benefits		21,223	17,390
TOTAL LIABILITIES		17,973,525	11,604,160
EQUITY			
Equity attributable to owners of the Parent			
Share capital		4,000,000	300
Statutory reserve		150	150
Retained earnings		1,083,429	6,751,772
		5,083,579	6,752,222
Non-controlling interests		1,116,204	763,518
TOTAL EQUITY		6,199,783	7,515,740
TOTAL LIABILITIES AND EQUITY		24,173,308	19,119,900

The interim condensed consolidated financial statements were authorised for issue on 13 February 2018 by:

Chairman

Director

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Emaar Development PJSC and its Subsidiary
(Formerly known as Emaar Development LLC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period & year ended 31 December 2017 (Unaudited)

	Attributable to the owners of the Parent						
	Share capital AED'000	*Statutory reserve AED'000*	*Retained earnings AED'000*	*Shareholder's contribution AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 20 November 2017 (*Unaudited*)	4,000,000	150	-	789,956	4,790,106	961,271	5,751,377
Profit for the period	-	-	293,473	-	293,473	154,933	448,406
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	293,473	-	293,473	154,933	448,406
Movement in shareholder's contribution (Note 17(ii))	-	-	789,956	(789,956)	-	-	-
Balance at 31 December 2017	**4,000,000**	**150**	**1,083,429**	-	**5,083,579**	**1,116,204**	**6,199,783**
Balance at 31 December 2016 (*Audited*)	300	150	-	6,751,772	6,752,222	763,518	7,515,740
Profit for the year	-	-	293,473	2,449,148	2,742,621	572,686	3,315,307
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	293,473	2,449,148	2,742,621	572,686	3,315,307
Dividend paid to shareholders (Note 18)	-	-	-	(3,909,675)	(3,909,675)	-	(3,909,675)
Dividend of a subsidiary	-	-	-	-	-	(220,000)	(220,000)
Movement in shareholder's contribution (Note 17(ii))	3,999,700	-	789,956	(5,291,245)	(501,589)	-	(501,589)
Balance at 31 December 2017	**4,000,000**	**150**	**1,083,429**	-	**5,083,579**	**1,116,204**	**6,199,783**

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period & year ended 31 December 2017 (Unaudited)

	Attributable to the owners of the Parent						
	Share capital AED'000	*Statutory reserve AED'000*	*Retained earnings AED'000*	*Shareholder's contribution AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 31 December 2015 (Audited)	300	150	-	4,289,227	4,289,677	549,024	4,838,701
Profit for the year	-	-	-	2,112,403	2,112,403	339,494	2,451,897
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,112,403	2,112,403	339,494	2,451,897
Movement in shareholder's contribution	-	-	-	350,142	350,142	-	350,142
Dividend of a subsidiary	-	-	-	-	-	(125,000)	(125,000)
Balance at 31 December 2016 (Audited)	300	150	-	6,751,772	6,752,222	763,518	7,515,740

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Emaar Development PJSC and its Subsidiary
(Formerly known as Emaar Development LLC)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period & year ended 31 December 2017 (Unaudited)

		(US$ 1.00 = AED 3.673)		
	Notes	***21 November 2017 to 31 December 2017 AED'000***	***1 January 2017 to 31 December 2017 AED'000***	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period/year		**448,406**	**3,315,307**	2,451,897
Adjustments for:				
Share of results of joint ventures	12	**(7,601)**	**(2,840)**	2,575
Depreciation		**1,622**	**14,496**	11,344
Provision for employees' end-of-service benefits, net		**184**	**3,833**	2,385
Reversal for doubtful debts		**-**	**-**	(8,347)
Finance costs		**16,431**	**36,681**	13,865
Finance income	6	**(17,647)**	**(130,495)**	(124,388)
Cash from operations before working capital changes		**441,395**	**3,236,982**	2,349,331
Trade and unbilled receivables		**(247,468)**	**(94,016)**	(409,954)
Other assets, receivables, deposits and prepayments		**(152,199)**	**(1,416,053)**	(865,150)
Development properties		**(2,365,255)**	**(3,337,652)**	(1,539,476)
Advances from customers		**(171,636)**	**(440,335)**	259,002
Trade and other payables		**2,037,967**	**2,778,540**	188,894
Retentions payable		**28,495**	**59,127**	(13,215)
Net cash (used in) from operating activities		**(428,701)**	**786,593**	(30,568)
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income received		**24,627**	**136,717**	121,604
Repayment (loan) to joint ventures		**5,500**	**(365,008)**	(15,441)
Amounts incurred on property, plant and equipment		**-**	**(55)**	(7,405)
Investment in a joint venture	12	**-**	**(150)**	(150)
Deposits maturing after three months		**(218,397)**	**1,296,434**	(561,169)
Net cash (used in) from investing activities		**(188,270)**	**1,067,938**	(462,561)
CASH FLOWS FROM FINANCING ACTIVITIES				
Finance costs paid		**(15,071)**	**(35,321)**	(610)
Borrowings from financial institutions	14	**-**	**3,966,840**	-
Dividend paid (including dividend of a subsidiary)		**-**	**(4,129,675)**	(125,000)
Movement in shareholder's contribution		**-**	**(501,589)**	350,142
Net cash (used in) from financing activities		**(15,071)**	**(699,745)**	224,532
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(632,042)**	**1,154,786**	(268,597)
Cash and cash equivalents at the beginning of the period/year		**8,387,541**	**6,600,713**	6,869,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR	7	**7,755,499**	**7,755,499**	6,600,713

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

The incorporation of Emaar Development PJSC (the "Company") as a Public Joint Stock Company was approved by the Securities and Commodities Authority according to Federal Law No.4 of 2000 on 20 November 2017 and the registration certificate was issued on 21 November 2017. The Company's registered office is at P.O. Box 48882, Dubai, United Arab Emirates ("UAE").

The Company is a subsidiary of Emaar Properties PJSC (the "Ultimate Parent"), a company incorporated in the United Arab Emirates and listed on the Dubai Financial Market. During the year, the legal status of the Company has been converted from a limited liability company to a Public Joint Stock Company (PJSC) by selling 20% through an Initial Public Offereing ("IPO"). The Company is listed on the Dubai Financial Market and its shares are traded with effect from 22 November 2017. The Company and its subsidiary constitute the Group (the "Group").

The principal activities of the Group are property development and development management in the UAE.

As per the articles of association of the Company, the first financial year shall be from the date of registration in the commercial register to 31 December 2018. Accordingly, these are the interim financial statements of the Company for the period ended 31 December 2017. The comparative information in the interim condensed consolidated financial statements represents its Build-to-sell (BTS) real estate business of the Group transferred from the Ultimate Parent. These comparative information are presented for the period from 1 January 2016 to 31 December 2016.

2.1 BASIS OF PREPARATION

As part of the IPO, the Ultimate Parent entered into a Master Transfer Agreement ("MTA") on 29 September 2017 with the Company for the transfer of its Build-to-sell (BTS) real estate development business (sale of condominiums, villas, commercial units and plots of land) in the UAE to the Company. As per the MTA all assets and liabilities relating to the BTS real estate development business of the Ultimate Parent are transferred to the Company. As this transaction is between entities under common control, which is scoped out under IFRS 3 – Business Combinations, the Company has chosen to present the interim condensed consolidated financial statements for the period ended 31 December 2017 as if BTS real estate development business was with the Company from the beginning of the earliest period presented. Accordingly, the interim condensed consolidated financial statements represents the results of operations and assets and liabilities of the BTS real estate development business for the period ended 31 December 2017. Further, as per the MTA, certain warranty provisions and advances from customers relating to BTS real estate developments which were completed in the prior years are retained in the books of the Ultimate Parent as these obligations will continue to be serviced by the Ultimate Parent company. In addition, based on the MTA, the Company will also continue to manage the development of Build-to-Operate (BTO) and Build-to-lease (BTL) assets on behalf of the Ultimate Parent for which the Company will receive management fees at an agreed rate. The Ultimate Parent also transferred its interest in the BTS real estate development business of its subsidiary, Dubai Hills Estate LLC to the Company. The interest of the Ultimate Parent in the BTS real estate development business of joint ventures has also been transferred to the Company. As at 31 December 2017, the legal formalities for such transfers of BTS assets to the Company are completed.

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS) 34: *Interim Financial Reporting.*

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. 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 interim condensed consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.1 BASIS OF PREPARATION (continued)

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and the entity controlled by the Company (its subsidiary) as at 31 December 2017. 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 period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the interim consolidated statement of comprehensive income; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the interim consolidated statement of comprehensive income or retained earnings, as appropriate.

Details of the Company's subsidiary is as follows:

Subsidiary	Place of incorporation	Principal activities	Percentage of beneficial interest
Dubai Hills Estate LLC	UAE	Property development	50.00%

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
Joint ventures
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 investment in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in joint ventures are carried in the interim consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture companies, less any impairment in value.

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed 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, estimates and assumptions that have a significant impact on the interim condensed 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.

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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

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 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*.

Consolidation of subsidiary

The Group has evaluated all investee 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

Split of real estate components

The interim condensed consolidated financial statements of the Group include certain assets, liabilities, income, expenses and cash flows which are allocated to the Group based on management assumptions and estimates. This mainly includes development properties, trade and other payables, selling, general and administrative expenses. These are allocated based on evaluation by project consultant and management best estimate of use of corporate resources by the Group.

Impairment of trade 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. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

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.

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 interim consolidated 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 2016, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2017. Although these new standards and amendments apply for the first time in 2017, 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:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in the consolidated statement of cash flows.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The application has no effect on the Group's consolidated financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not affect the Group's consolidated financial statements as it does not have interest in entities that is classified as held for sale other than already disclosed in the consolidated financial statements.

(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.

IFRS 9	IFRS *9 Financial Instruments* that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted;
IFRS 16	*Leases:* Lessees required to recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term (effective for annual periods beginning on or after 1 January 2019);
IFRS 2	Amendment to IFRS 2 *Share-based Payment:* Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018);

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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);
IFRS 17	Insurance Contracts. IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005 effective for reporting periods beginning on or after 1 January 2021, with comparative figures required;
IAS 40	Transfers of Investment Property — Amendments to IAS 40 (effective for annual periods beginning on or after 1 January 2018).

Annual Improvements 2014-2016 Cycle (issued in December 2016)
These improvements include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters;
- 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;
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment;
- The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

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.

IFRS 9 : *Financial Instrument*
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instrument project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group has early adopted IFRS 9- Phase 1 *classification and measurement of financial instruments.* The Group plans to adopt the other two aspects of IFRS 9 namely, impairment and hedge accounting at its effective date.

During 2017, the Group has performed an assessment of the impact of impairment of IFRS 9.This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9.

Impairment of financial assets
IFRS 9 requires the Group to record expected credit losses on its financial assets, including, trade and unbilled receivables and other assets, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade and unbilled receivables.

Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against trade and unbilled receivables concluded that there was no material impact on the Group's interim condensed consolidated financial statements as at 31 December 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue from contracts with customers for sale of properties
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.

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 interim consolidated statement of comprehensive income 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 interim consolidated statement of comprehensive income 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.

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 profit or loss, which are initially measured at fair value. 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
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 interim consolidated statement of other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 - Phase 1 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 interim consolidated statement of comprehensive income.

Debt instruments
Debt instruments are also measured at fair value through profit or loss 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Cash and cash equivalents

For the purpose of the interim consolidated 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 and unbilled receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When trade and unbilled receivables are uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim consolidated statement of comprehensive income.

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 interim consolidated statement of comprehensive income. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the interim 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 interim consolidated statement of comprehensive income.

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 has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 assesses at each reporting date whether there is any objective 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 is 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 interim consolidated statement of comprehensive income. Interest income on such financial assets continues 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 is recorded as part of finance income in the interim consolidated statement of comprehensive income. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

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 of continuing operations are recognised in the interim consolidated statement of comprehensive income 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 interim consolidated statement of comprehensive income.

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 phase 1, are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instruments 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 interim consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)
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 interim consolidated statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the interim 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.

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 interim consolidated statement of comprehensive income 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 reporting 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.

Foreign currency translations
The interim condensed 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 interim consolidated statement of comprehensive income. 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.

As at the reporting date, the assets and liabilities of subsidiary with functional currencies other than AED are translated into AED at the rate of exchange ruling at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The differences arising on the translation are taken directly to the interim consolidated statement of comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that entity is recognised in the interim consolidated statement of comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingencies
Contingent liabilities are not recognised in the interim condensed consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the interim condensed consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

3 SEGMENT INFORMATION

For management purposes, the Group is organised into one segment based on its products and services, which is the real estate development business. Accordingly, the Group only has one reportable segment. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

Business segments
Revenue, operating results, assets and liabilities presented in the interim condensed consolidated financial statements relates to the real estate development business of the Group.

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

4 REVENUE AND COST OF REVENUE

	21 November 2017 to 31 December 2017 AED'000	*1 January 2017 to 31 December 2017 AED'000*	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
Revenue			
Sale of condominiums	**524,929**	**5,106,681**	3,236,832
Sale of villas	**542,629**	**3,171,943**	2,608,994
Sale of commercial units, plots of land and others	**110,567**	**584,344**	1,052,773
	1,178,125	**8,862,968**	6,898,599
Cost of revenue			
Cost of condominiums	**313,370**	**3,171,080**	2,253,218
Cost of villas	**297,031**	**1,704,170**	1,564,641
Cost of commercial units, plots of land and others	**29,322**	**226,518**	219,387
	639,723	**5,101,768**	4,037,246

4 REVENUE AND COST OF REVENUE (continued)

Below is the split of revenue recognised over a period of time and single point in time:

	21 November 2017 to 31 December 2017 AED'000	*1 January 2017 to 31 December 2017 AED'000*	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
- Over a period of time	**1,077,522**	**8,554,064**	5,938,690
- Single point in time	**100,603**	**308,904**	959,909
	1,178,125	**8,862,968**	6,898,599

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	21 November 2017 to 31 December 2017 AED'000	*1 January 2017 to 31 December 2017 AED'000*	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
Payroll and related expenses	**37,347**	**160,426**	125,354
Sales and marketing expenses	**19,817**	**179,153**	149,910
Property management expenses	**9,069**	**60,536**	56,022
Depreciation of property, plant and equipment	**1,622**	**14,496**	11,344
Other expenses	**39,669**	**231,211**	234,518
	107,524	**645,822**	577,148

6 FINANCE INCOME

	21 November 2017 to 31 December 2017 AED'000	*1 January 2017 to 31 December 2017 AED'000*	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
Finance income on fixed deposits with banks	**3,823**	**41,980**	45,922
Other finance income	**13,824**	**88,515**	78,466
	17,647	**130,495**	124,388

7 BANK BALANCES AND CASH

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Cash in hand	**2**	-
Current and call bank deposit accounts	**7,157,195**	6,485,713
Fixed deposits maturing within three months	**598,302**	115,000
Cash and cash equivalents	**7,755,499**	6,600,713
Fixed deposits maturing after three months	**1,856,397**	3,152,831
	9,611,896	9,753,544

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 1.3% and 2.55% per annum (2016: 1.3% and 2.95% per annum).

The Group is required to maintain certain deposits/balances amounting to AED 9,128,019 thousands (2016: AED 9,242,814 thousands) with banks for advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

8 TRADE AND UNBILLED RECEIVABLES

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Trade receivables		
Amounts receivables within 12 months	**548,511**	528,540
Amounts receivables after 12 months, net	**216,721**	-
	765,232	528,540
Unbilled receivables		
Unbilled receivables within 12 months	**706,231**	919,519
Unbilled receivables after 12 months, net	**94,833**	24,221
	801,064	943,740
Total trade and unbilled receivables	**1,566,296**	1,472,280

The above trade receivables are net of AED 56,629 thousands (2016: AED 56,629 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Due from related parties (note 17)	**1,288,548**	583,923
Advances to contractors and others	**1,106,207**	703,183
Deferred sales commission (i)	**666,144**	419,427
Prepayments	**52,712**	4,904
Accrued interest	**5,140**	11,362
Other receivables and deposits	**68,220**	54,341
	3,186,971	1,777,140
Other assets, receivables, deposits and prepayments maturity profile:		
Amounts recoverable within 12 months	**3,186,971**	1,777,140
Amounts recoverable after 12 months	**-**	-
	3,186,971	1,777,140

(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.

10 DEVELOPMENT PROPERTIES

	21 November 2017 to 31 December 2017 AED'000	***1 January 2017 to 31 December 2017 AED'000***	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
Balance at the beginning of the period/year	**6,994,702**	**6,022,305**	4,482,829
Add: Costs incurred during the period/year	**3,004,978**	**8,651,935**	5,625,822
Less: Costs transferred to cost of revenue during the period/year	**(639,723)**	**(5,101,768)**	(4,037,246)
Less: Transferred to Ultimate Parent (i)	**-**	**(81,019)**	(49,100)
Less: Transferred to affiliated entities (i)	**-**	**(131,496)**	-
Balance at the end of the period/year	**9,359,957**	**9,359,957**	6,022,305

(i) Represents infrastructure cost of build to lease/operate assets (BTL / BTO) charged to Ultimate Parent and its affiliated entities as per the MTA. As agreed in the MTA, development of all infrastructure relating to the projects, including BTL / BTO assets will be carried out by the Company and transferred to the Ultimate Parent and its affiliated entities at an agreed rate.

11 LOANS TO JOINT VENTURES

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Emaar Dubai South DWC LLC	**178,986**	15,441
Zabeel Square LLC	**201,463**	-
Investment in joint ventures (note 12)	-	(2,425)
	380,449	13,016

Loans to joint ventures of AED 380,449 thousands (2016: AED 15,441 thousands) are unsecured, repayable on demand and do not carry any interest.

12 INVESTMENT IN JOINT VENTURES

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Emaar Dubai South DWC LLC (i)	**415**	(2,425)
Zabeel Square LLC (ii)	**150**	-
Net investment in joint ventures as at period/year end	**565**	(2,425)

Movement in investment in joint venture is as follows:

	21 November 2017 to 31 December 2017 AED'000	*31 December 2017 AED'000*	*31 December 2016 AED'000 (Audited)*
Balance at the beginning of the period/year	**(7,036)**	**(2,425)**	-
Investment made during the period/year (ii)	-	**150**	150
Share of results for the period/year	**7,601**	**2,840**	(2,575)
Net investment in joint ventures as at period/year end	**565**	**565**	(2,425)

Excess of loss over the value of investments as at 31 December 2016 is presented as part of loans to joint ventures.

As at 31 December 2017, the Group's joint venture has commitments of AED 2,876,454 thousands (2016: AED 2,108,288 thousands).

(i) During 2015, the Ultimate Parent has entered into a joint venture agreement with Dubai Aviation City Corporation for the development of the Emaar South project. The joint venture was incorporated in the UAE on 9 May 2016 and operates under the name of Emaar Dubai South DWC LLC ("Emaar South"), in which the Ultimate Parent has a 50% interest. The entity is primarily involved in property development activities. The Group's interest in the joint venture is accounted for using the equity method accounting in the interim condensed consolidated financial statements.

12 INVESTMENT IN JOINT VENTURES (continued)

(ii) On 9 January 2017, the Ultimate Parent has entered into a joint venture agreement with Meraas Zabeel Owned by Meraas Venture One Person Company LLC for the purpose of mix-use development in the UAE. The Ultimate Parent has 50% equity interest in the joint venture company, Zabeel Square LLC ("Zabeel Square"). The Group's interest in the joint venture is accounted for using the equity method in the interim condensed consolidated financial statements.

During the year, based on the MTA, Ultimate Parent has transferred its interest in the BTS real estate development business of the joint ventures to the Company. As at the reporting date, joint venture partners have agreed for a change in the initial shareholders' agreement and to transfer the interest of the Ultimate Parent in the joint ventures companies to the Company. The legal formalities for transfer of such assets are completed at reporting date.

13 TRADE AND OTHER PAYABLES

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Creditors for land purchase	**2,249,630**	344,026
Project contract cost accruals and provisions	**2,193,014**	1,780,326
Payable to a related party (note 17)	**584,383**	4,608
Trade payables	**330,972**	430,521
Sales commission payable	**44,718**	54,939
Payable to authorities	**32,562**	18,271
Other payables and accruals	**376,976**	399,664
	5,812,255	3,032,355

14 INTEREST-BEARING LOANS AND BORROWINGS

On 27 September 2017, the Group has entered into a 5 year Murabaha financing facility agreement for an amount of USD 1,300,000 thousands (AED 4,774,900 thousands) with First Abu Dhabi Bank PJSC. 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. As at reporting the date, the Group has drawn down USD 1,080,000 thousands (AED 3,966,840 thousands) from this facility.

15 GUARANTEES AND CONTINGENCIES

The Group has provided a performance guarantee of AED 5,169,960 thousands (2016: AED 3,908,818 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its projects as per RERA regulations.

16 COMMITMENTS

At 31 December 2017, the Group had commitments of AED 13,487,245 thousands (2016: AED 10,976,101 thousands). This represents the value of contracts entered into by the Group including contracts entered into for purchase of plots of land at year end 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.

17 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed 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:

	1 January 2017 to 31 December 2017 AED'000	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
Ultimate Parent:		
Selling, general and administrative expenses (refer (i) below)	**215,894**	178,962
Affiliated entities:		
Selling, general and administrative expenses	**13,166**	14,533
Property development expenses	**110,503**	66,571
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	**12,570**	-
Sale of property	**-**	2,281

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

	31 December 2017 AED'000	*31 December 2016 AED'000 (Audited)*
Ultimate Parent:		
Other assets, receivables, deposits and prepayments (refer (iii) below)	**1,157,052**	583,923
Trade and other payables	**584,383**	4,608
Affiliated entities:		
Other assets, receivables, deposits and prepayments	**131,496**	-

(i) Allocation of corporate expenses:
Ultimate Parent has provided certain corporate functions to the Group and costs associated with these functions were allocated to the Group. These functions included human resources, treasury, investor relations, finance and accounting, compliance, information technology, corporate and legal compliance, business development and marketing. The costs of such services were allocated to the Group based on the most relevant allocation method to the service provided, which includes the headcount, time/efforts spent or number of users. In situations where no allocation methodology was more appropriate than another, an even allocation between the Group and other subsidiaries of the Ultimate Parent was utilised. With effect from 1 October 2017, as per Relationship Agreement, corporate expenses are allocated by the Ultimate Parent on the basis of 3% of revenue of the Group.

17 RELATED PARTY DISCLOSURES (continued)

Related party balances (continued)

(ii) Shareholder's contribution:
Shareholder's contribution as of 20 November 2017 included as part of total equity of the Company represents the Ultimate Parents' interest in the net assets of the Company until the date of transfer of business to the Company. Certain allocated expenses by the Ultimate Parent have also been adjusted within the shareholder's contribution. The net balance of shareholder's contribution as at 20 November 2017 have been transferred to retained earnings post IPO. The approval of such transfer will be taken from the shareholders in the next Annual General Meeting.

(iii) Recoverable from Ultimate Parent:
This represents balances recoverable from the Ultimate Parent with respect to the development costs incurred for the BTS developments in Dubai Creek Harbour project. As agreed in the MTA, the Ultimate Parent has transferred the development services agreement relating to the BTS development in Dubai Creek Harbour project to the Company, for which the development costs including infrastructure costs are incurred by the Company. These balances will be recovered as per the agreed terms in the MTA.

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

	1 January 2017 to 31 December 2017 AED'000	*1 January 2016 to 31 December 2016 AED'000 (Audited)*
Short-term benefits	**55,098**	49,597
Employees' end-of-service benefits	**2,010**	2,213
	57,108	51,810

During the year, the number of key management personnel is 69 (2016: 52).

18 DIVIDEND

During the year, on 30 October 2017 the Company declared and paid dividend of AED 3,909,675 thousands (AED 0.9774 per share) to the Ultimate Parent (2016: nil).

19 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, loans and advances, other receivables, deposits and due from related parties. Financial liabilities of the Group include customer deposits, accounts payable, retentions payable, due to a related party and other payables.

Fair value of the financial instruments is included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.