

**Emaar Malls PJSC and its
subsidiaries**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

31 MARCH 2019



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR MALLS PJSC AND ITS SUBSIDIARIES

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Malls PJSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprises the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated income statement, other comprehensive income, cash flows and changes in equity for the three-month 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 Number 687

7 May 2019

Dubai, United Arab Emirates

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2019 (Unaudited)

		<i>(US \$1.00 = AED 3.673)</i>	
		<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
	<i>Notes</i>		
Revenue	4	1,074,634	1,037,875
Cost of revenue	5	(224,537)	(225,188)
GROSS PROFIT		850,097	812,687
Sales and marketing expenses		(66,326)	(63,418)
General and administrative expenses		(59,230)	(47,368)
Depreciation and amortisation		(109,137)	(103,638)
OPERATING PROFIT FOR THE PERIOD		615,404	598,263
Finance income		1,545	22,865
Finance costs	6	(55,004)	(77,929)
Gain on settlement of put option over non-controlling interests	19	15,689	-
PROFIT FOR THE PERIOD	7	577,634	543,199
ATTRIBUTABLE TO:			
Equity holders of the parent		583,504	548,276
Non-controlling interests		(5,870)	(5,077)
		577,634	543,199
Earnings per share (AED):			
Equity holders of the parent basic and diluted	8	0.04	0.04

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 31 March 2019 (Unaudited)

		<i>(US \$1.00 = AED 3.673)</i>	
		<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
	<i>Note</i>		
PROFIT FOR THE PERIOD		577,634	543,199
<i>Other comprehensive income to be reclassified to the interim consolidated income statement in subsequent period:</i>			
Net movement on cash flow hedges	16	-	12,541
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		577,634	555,740
ATTRIBUTABLE TO:			
Equity holders of the parent		583,504	560,817
Non-controlling interests		(5,870)	(5,077)
		577,634	555,740

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		(US \$1.00 = AED 3.673)	
		31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	9	159,390	161,053
Investment properties	10	22,206,627	22,228,694
Goodwill and intangible assets	11	566,378	569,249
Right-of-use assets	2(a)	28,000	-
		<u>22,960,395</u>	<u>22,958,996</u>
Current assets			
Inventories		154,890	126,350
Trade and unbilled receivables	12	460,298	404,180
Advances, prepayments and other receivables		209,237	217,662
Due from related parties	13	161,416	158,768
Bank balances and cash	14	239,596	265,564
		<u>1,225,437</u>	<u>1,172,524</u>
TOTAL ASSETS		<u>24,185,832</u>	<u>24,131,520</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	13,014,300	13,014,300
Reserves	16	1,745,710	1,277,052
Retained earnings		3,204,776	2,969,732
Equity attributable to the equity holders of the parent		<u>17,964,786</u>	<u>17,261,084</u>
Non-controlling interests		-	147,040
TOTAL EQUITY		<u>17,964,786</u>	<u>17,408,124</u>
Non-current liabilities			
Employees' end of service benefits		25,650	24,120
Interest bearing loans and borrowings	17	1,090,904	1,182,370
Sukuk	18	2,742,259	2,741,736
Put option over non-controlling interests	19	-	488,452
Retentions payable after 12 months		17,404	17,404
Lease liabilities payable after 12 months	2(a)	12,526	-
		<u>3,888,743</u>	<u>4,454,082</u>
Current liabilities			
Due to related parties	13	97,657	118,440
Accounts payable and accruals	20	956,604	937,461
Advances and security deposits		1,091,068	1,002,035
Retentions payable within 12 months		14,198	13,375
Lease liabilities payable within 12 months	2(a)	8,355	-
Deferred income		164,421	198,003
		<u>2,332,303</u>	<u>2,269,314</u>
TOTAL LIABILITIES		<u>6,221,046</u>	<u>6,723,396</u>
TOTAL EQUITY AND LIABILITIES		<u>24,185,832</u>	<u>24,131,520</u>

These interim condensed consolidated financial statements were authorised for issue on 7 May 2019 by Board of Directors and signed on their behalf by:


Chairman


Director

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Handwritten initials/signature

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2019 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>1 January 2019 to 31 March 2019 AED '000</i>	<i>1 January 2018 to 31 March 2018 AED '000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		577,634	543,199
Adjustments for:			
Depreciation of property, plant and equipment	9	6,664	9,283
Depreciation of investment properties	10	97,863	91,484
Amorisation of intangible assets with definite useful life	11	2,871	2,871
Depreciation of right-of-use assets	2(a)	1,739	-
Provision for doubtful debts	12	6,116	3,422
Provision for employees' end of service benefits		3,335	1,074
Provision for employees' equity option plan		(1,368)	-
Finance costs	6	55,004	77,929
Gain on settlement of put option over non-controlling interests	19	(15,689)	-
Gain on disposal of property, plant and equipment		-	(4)
Finance income		(1,545)	(22,865)
		<u>732,624</u>	<u>706,393</u>
Working capital changes:			
Inventories		(28,540)	(41,424)
Trade receivables		(62,234)	(14,022)
Due from related parties		(2,648)	(87,626)
Advances, prepayments and other receivables		4,178	3,770
Due to related parties		(20,783)	44,133
Accounts payable and accruals		(26,797)	16,475
Advances and security deposits		89,033	(122,729)
Retentions payable		823	1,047
Deferred income		(33,582)	47,270
		<u>652,074</u>	<u>553,287</u>
Net cash flows from operations		652,074	553,287
Employees' end of service benefits paid		(437)	(1,123)
		<u>651,637</u>	<u>552,164</u>
INVESTING ACTIVITIES			
Acquisition of non-controlling interests		(496,872)	-
Purchases of property, plant and equipment	9	(5,001)	(2,653)
Amounts incurred on investment properties	10	(59,987)	(17,682)
Interest received		1,521	9,014
Proceeds from disposal of property, plant and equipment		-	4
Deposits under lien or maturing after three months		-	(470,644)
		<u>(560,339)</u>	<u>(481,961)</u>
Net cash flows used in investing activities		(560,339)	(481,961)
FINANCING ACTIVITIES			
Net movement in interest bearing loans and borrowings		(91,825)	-
Finance cost paid		(20,581)	(39,378)
Payment of lease liabilities	2(a)	(4,860)	-
		<u>(117,266)</u>	<u>(39,378)</u>
Net cash flows used in financing activities		(117,266)	(39,378)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(25,968)</u>	<u>30,825</u>
Cash and cash equivalents at 1 January		265,564	142,626
CASH AND CASH EQUIVALENTS AT 31 MARCH	14	<u>239,596</u>	<u>173,451</u>
SUPPLEMENTAL NON-CASH INFORMATION			
Investment properties project cost accruals		15,809	417,250

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2019 (Unaudited)

	Equity attributable to equity holders of the Parent					
	Share capital AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
1 January 2019 to 31 March 2019						
As at 1 January 2019	13,014,300	1,277,052	2,969,732	17,261,084	147,040	17,408,124
Profit/ (loss) for the period	-	-	583,504	583,504	(5,870)	577,634
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	583,504	583,504	(5,870)	577,634
Acquisition of non-controlling interests (note 1)	-	468,658	(348,460)	120,198	(141,170)	(20,972)
As at 31 March 2019	13,014,300	1,745,710	3,204,776	17,964,786	-	17,964,786

	Equity attributable to equity holders of the Parent					
	Share capital AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
1 January 2018 to 31 March 2018						
As at 1 January 2018	13,014,300	843,068	2,492,107	16,349,475	176,894	16,526,369
Profit/ (loss) for the period	-	-	548,276	548,276	(5,077)	543,199
Other comprehensive income for the period	-	12,541	-	12,541	-	12,541
Total comprehensive income/ (loss) for the period	-	12,541	548,276	560,817	(5,077)	555,740
As at 31 March 2018	13,014,300	855,609	3,040,383	16,910,292	171,817	17,082,109

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

1 CORPORATE INFORMATION

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

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

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

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

During the period, on 25 February 2019, the Company acquired the remaining 49% equity stake in its subsidiary, Namshi Holding Limited ("Namshi") for a consideration of AED 496,872 thousands. Total consideration includes the amount paid to Global Fashion Group ("GFG") amounting to AED 475,900 thousands (note 19) and other shareholders of Namshi amounting to AED 20,972. The difference in the amount of consideration paid and the non-controlling interests amounting to AED 348,460 thousands has been directly recognised in the interim consolidated statement of changes in equity as required under IFRS 10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2019 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and applicable requirements of United Arab Emirates law.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual consolidated financial statements as at 31 December 2018.

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

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

Basis of consolidation

The consolidated interim condensed financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 31 March 2019. Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity;
- (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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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 income statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

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

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

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

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

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

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

These entities are 100% beneficially owned by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Special purpose entities

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

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

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

IFRS 16 Leases

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

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

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

a) Nature of the effect of adoption of IFRS 16

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 16 Leases (continued)

b) Summary of new accounting policies

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

Right-of-use assets

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

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

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 16 Leases (continued)

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

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

	<i>Right-of- use assets</i> AED'000	<i>Lease liabilities</i> AED'000
As at 1 January 2019	29,739	25,468
Depreciation expense	(1,739)	-
Interest expense	-	273
Payments	-	(4,860)
	<u>28,000</u>	<u>20,881</u>
As at 31 March 2019	<u>28,000</u>	<u>20,881</u>

Lease liabilities are payable as below:

Lease liabilities payable after 12 months	12,526
Lease liabilities payable within 12 months	8,355
	<u>20,881</u>
Balance as at period end	<u>20,881</u>

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

	<i>1 January 2019 to 31 March 2019 AED'000</i>
Depreciation expense of right-of-use assets	1,739
Interest expense on lease liabilities	273
Rent expense - variable lease payments	68
	<u>2,080</u>
Total amounts recognised in interim consolidated income statement	<u>2,080</u>

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

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

Amendments to IFRS 9: Prepayment Features with Negative Compensation

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

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

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the interim condensed consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations

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

IFRS 11 Joint Arrangements

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

IAS 12 Income Taxes

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

IAS 23 Borrowing Costs

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Standards issued but not yet effective

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

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

3 SEGMENT INFORMATION

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

Geographic segment

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

Business segments

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

Super-Regional Malls:

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

Regional Malls:

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

Community Retail:

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

Specialty Retail:

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

Online Retail:

Namshi, a regional online fashion portal in GCC, constitutes the online retail business segment of the Group.

Others:

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

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

1 January 2019 to 31 March 2019:

	Super Regional Malls AED '000	Regional Malls AED '000	Community Retail AED '000	Specialty Retail AED '000	Online Retail AED '000	Others AED '000	Total AED '000
Revenue:							
Rental income from leased properties	772,340	45,729	59,417	30,588	-	-	908,074
Online retail	-	-	-	-	166,560	-	166,560
Total Revenue	<u>772,340</u>	<u>45,729</u>	<u>59,417</u>	<u>30,588</u>	<u>166,560</u>	<u>-</u>	<u>1,074,634</u>
Results:							
Profit/(loss) for the period	567,882	24,623	32,243	17,029	(11,935)	(52,208)	577,634
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	71,102	3,715	2,205	1,477	516	1,782	80,797
Depreciation and amortisation: (Property, plant and equipment, investment properties and intangible assets)	78,517	7,723	11,496	5,393	5,464	544	109,137
Finance costs	-	-	-	-	927	38,388	39,315
Assets and liabilities <i>As at 31 March 2019:</i>							
Segment assets	<u>19,979,276</u>	<u>1,262,100</u>	<u>961,255</u>	<u>1,361,556</u>	<u>494,812</u>	<u>126,833</u>	<u>24,185,832</u>
Segment liabilities	<u>1,596,480</u>	<u>81,897</u>	<u>222,534</u>	<u>75,709</u>	<u>894,545</u>	<u>3,349,881</u>	<u>6,221,046</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

1 January 2018 to 31 March 2018:

	Super Regional Malls AED '000	Regional Malls AED '000	Community Retail AED '000	Specialty Retail AED '000	Online Retail AED '000	Others AED '000	Total AED '000
Revenue:							
Rental income from leased properties	717,484	47,953	60,164	36,539	-	-	862,140
Online retail	-	-	-	-	175,735	-	175,735
Total Revenue	717,484	47,953	60,164	36,539	175,735	-	1,037,875
Results:							
Profit/(loss) for the period	525,439	27,842	37,954	23,328	(9,899)	(61,465)	543,199
Other segment information							
Capital expenditure:							
(Property, plant and equipment and investment properties)	407,548	2,393	25,414	1,223	277	730	437,585
Depreciation and amortisation:							
(Property, plant and equipment, investment properties and intangible assets)	74,056	9,590	9,272	5,872	3,787	1,061	103,638
Finance costs	-	-	-	-	-	77,929	77,929
Assets and liabilities							
As at 31 December 2018 (Audited):							
Segment assets	19,949,368	1,259,025	961,113	1,361,629	479,659	120,726	24,131,520
Segment liabilities	1,605,967	84,367	206,987	78,428	389,741	4,357,906	6,723,396

Emaar Malls PJSC and its subsidiaries

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At 31 March 2019 (Unaudited)

4 REVENUE

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
Rental income from leased properties		
Base rent	682,421	629,174
Turnover rent	20,722	46,626
Services charges	93,207	83,630
Promotion and marketing contribution	15,177	13,641
Specialty leasing	50,621	48,120
Multimedia	15,768	14,990
Others	30,158	25,959
	<u>908,074</u>	<u>862,140</u>
Online retail	<u>166,560</u>	<u>175,735</u>
	<u><u>1,074,634</u></u>	<u><u>1,037,875</u></u>

5 COST OF REVENUE

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
Operating cost of leasing activities		
Housekeeping and facility management	47,724	43,557
Direct staff costs	17,503	22,362
Utilities - net	11,349	7,989
Security	9,440	8,069
Others	16,938	16,960
	<u>102,954</u>	<u>98,937</u>
Cost of online retail revenue	<u>121,583</u>	<u>126,251</u>
	<u><u>224,537</u></u>	<u><u>225,188</u></u>

6 FINANCE COSTS

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
Interest on loans and borrowings	50,464	70,960
Others	4,540	6,969
	<u>55,004</u>	<u>77,929</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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7 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
Indirect staff costs	<u>25,348</u>	<u>21,143</u>

8 EARNINGS PER SHARE

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

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

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

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
Earnings:		
Profit attributable to the equity holders of the parent for basis or diluted earnings per share	<u>583,504</u>	<u>548,276</u>
No of shares:		
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>13,014,300,000</u>	<u>13,014,300,000</u>
Earnings per share (AED):		
- basic and diluted	<u>0.04</u>	<u>0.04</u>

9 PROPERTY, PLANT AND EQUIPMENT

Additions and depreciation

During the period ended 31 March 2019, the Group purchased property, plant and equipment of AED 5,001 thousands (period ended 31 March 2018: AED 2,653 thousands) and charged depreciation expense to the interim consolidated income statement of AED 6,664 thousands (period ended 31 March 2018: AED 9,283 thousands).

10 INVESTMENT PROPERTIES

Additions and depreciation

During the period ended 31 March 2019, the Group had additions of AED 75,796 thousands (period ended 31 March 2018: AED 434,932 thousands) and charged depreciation expense to the interim consolidated income statement of AED 97,863 thousands (period ended 31 March 2018: AED 91,484 thousands).

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 GOODWILL AND INTANGIBLE ASSETS

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Goodwill	365,012	365,012
Other intangible assets	201,366	204,237
	<u>566,378</u>	<u>569,249</u>

During the period ended 31 March 2019, the Group charged amortisation expense for the intangible assets to interim consolidated income statement of AED 2,871 thousands (period ended 31 March 2018: AED 2,871 thousands).

12 TRADE AND UNBILLED RECEIVABLES

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Trade receivables – net	361,220	312,179
Unbilled receivables	99,078	92,001
	<u>460,298</u>	<u>404,180</u>

Trade receivables include amounts due from related parties amounting to AED 18,003 thousands (31 December 2018: AED 7,791 thousands) [note 13 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 95,672 thousands (31 December 2018: AED 89,581 thousands) representing management's best estimate of doubtful trade receivables which are past due and impaired.

Movement in the allowance for doubtful debts is as follows:

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Balance at 1 January	89,581	85,356
Net charge for the period / year	6,116	15,693
Write off / adjustments during the period / year -net	(25)	(11,468)
Balance at period / year end	<u>95,672</u>	<u>89,581</u>

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13 RELATED PARTY DISCLOSURES

- (a) During the period, the following were the significant related party transactions, which were carried out in the normal course of business (equivalent to terms which prevail in arm's length transactions) on terms agreed between the parties:

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
<i>Revenue</i>		
<i>Rental income from leased properties</i>		
Parent Company	8,689	3,125
Affiliated entities	26,165	15,688
Entities owned or controlled by Directors and other related parties	21,713	19,614
	<u>56,567</u>	<u>38,427</u>
<i>Cost of revenue</i>		
<i>Operating cost of leasing activities – net</i>		
Parent Company	9,940	10,903
Affiliated entities	54,155	12,706
Entities owned or controlled by Directors and other related parties	(603)	(989)
	<u>64,492</u>	<u>23,620</u>
<i>Sales and marketing expenses</i>		
Parent Company	2,506	1,913
Affiliated entities	299	66
Entities owned or controlled by Directors and other related parties	6,439	1,075
	<u>9,244</u>	<u>3,054</u>
<i>General and administrative expenses</i>		
Parent Company	16,683	18,589
Affiliated entities	523	1,207
Entities owned or controlled by Directors and other related parties	181	331
	<u>17,387</u>	<u>20,127</u>
<i>Finance income</i>		
Entities owned or controlled by Directors and other related parties	338	4,247
	<u>338</u>	<u>4,247</u>
<i>Finance costs</i>		
Entities owned or controlled by Directors and other related parties	2,709	-
	<u>2,709</u>	<u>-</u>
<i>Capital expenditures</i>		
Affiliated entities	-	1,613
	<u>-</u>	<u>1,613</u>

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At 31 March 2019 (Unaudited)

13 RELATED PARTY DISCLOSURES (continued)

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

	Bank balances and cash AED '000	Due from related parties AED '000	Trade and unbilled receivables AED '000	Interest bearing loans and borrowings AED '000	Due to related parties AED '000	Deferred income AED '000	Trade payables AED '000
31 March 2019							
<i>Non-current</i>							
Entities owned or controlled by Directors and other related parties	-	-	-	165,285	-	-	-
				165,285			
<i>Current</i>							
Parent Company	-	-	-	-	-	1,085	-
Affiliated entities	-	161,416	-	-	-	35,416	-
Entities owned or controlled by Directors and other related parties	7,862	-	18,003	-	97,657	24,034	114
	7,862	161,416	18,003	-	97,657	60,535	114

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED
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13 RELATED PARTY DISCLOSURES (continued)

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

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

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13 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

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

	<i>1 January 2019 to 31 March 2019 AED'000</i>	<i>1 January 2018 to 31 March 2018 AED'000</i>
Short term benefits	10,336	6,267
End of service benefits	2,149	208

As at 31 March 2019, the number of key management personnel was 19 (31 March 2018: 18).

14 BANK BALANCES AND CASH

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Cash in hand	840	233
Bank balances:		
Current and call accounts	188,756	126,361
Deposits maturing within three months	50,000	138,970
Balance at period / year end	<u>239,596</u>	<u>265,564</u>

Included in the bank balances and cash is an amount of AED 7,862 thousands (31 December 2018: AED 134,682 thousands) as balance held with related party [note 13(b)].

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

15 SHARE CAPITAL

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Authorised capital – 13,014,300,000 shares of AED 1 each (2018: 13,014,300,000 shares of AED 1 each)	<u>13,014,300</u>	<u>13,014,300</u>
Issued and fully paid – 13,014,300,000 shares of AED 1 each (2018: 13,014,300,000 shares of AED 1 each)	<u>13,014,300</u>	<u>13,014,300</u>

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16 RESERVES

Movement in reserves is as follows:

	<i>Statutory reserve AED'000</i>	<i>Legal reserve AED'000</i>	<i>Hedging reserve AED'000</i>	<i>Put option over non-controlling interests AED'000</i>	<i>Total AED'000</i>
<i>1 January 2019 to 31 March 2019:</i>					
As at 1 January 2019 (<i>Audited</i>)	919,848	825,862	-	(468,658)	1,277,052
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Acquisition of non-controlling interests (note 19)	-	-	-	468,658	468,658
As at 31 March 2019	919,848	825,862	-	-	1,745,710
<i>1 January 2018 to 31 March 2018:</i>					
As at 1 January 2018 (<i>Audited</i>)	696,854	602,868	12,004	(468,658)	843,068
Other comprehensive income for the period	-	-	12,541	-	12,541
Total comprehensive income for the period	-	-	12,541	-	12,541
As at 31 March 2018	696,854	602,868	24,545	(468,658)	855,609

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

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17 INTEREST BEARING LOANS AND BORROWINGS

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Balance as at 1 January	1,193,725	4,591,250
Movement during the period/ year		
Less: Repaid during the period/ year	(99,171)	(4,591,250)
Add: Borrowed during the period/ year	7,346	1,193,725
Balance as at period / year end	<u>1,101,900</u>	<u>1,193,725</u>
Less: unamortised portion of loan arrangement fee	<u>(10,996)</u>	<u>(11,355)</u>
Net interest bearing loans and borrowings at period / year end	<u><u>1,090,904</u></u>	<u><u>1,182,370</u></u>
<i>Interest-bearing loans and borrowings maturity profile:</i>		
After one year (shown under non-current liabilities)	<u>1,090,904</u>	<u>1,182,370</u>
Balance as at period / year end	<u><u>1,090,904</u></u>	<u><u>1,182,370</u></u>

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

18 SUKUK

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

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Proceeds from the issuance of the Sukuk	2,754,750	2,754,750
Less: Sukuk issuance cost	<u>(21,587)</u>	<u>(21,587)</u>
Sukuk liability on initial recognition	2,733,163	2,733,163
Profit accrued up to period / year-end	<u>9,096</u>	<u>8,573</u>
Sukuk liability as at period / year-end	<u><u>2,742,259</u></u>	<u><u>2,741,736</u></u>

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19 PUT OPTION OVER NON-CONTROLLING INTERESTS

Pursuant to the Shareholders' Agreement which was executed between the Company and GFG on 16 August 2017 in relation to the acquisition of Namshi, the Company granted a put option to GFG in respect of GFG's shareholding in Namshi. GFG had the right to require the Company to acquire GFG's entire shareholding in Namshi.

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

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

20 ACCOUNTS PAYABLE AND ACCRUALS

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Trade payables	148,436	99,126
Accrued expenses	715,722	779,445
Interest payable	38,020	7,616
Other payables	54,426	51,274
	<u>956,604</u>	<u>937,461</u>

Included in the trade payables is an amount of AED 114 thousands (31 December 2018: AED 163 thousands) due to related parties [note 13(b)].

21 COMMITMENTS AND CONTINGENCIES

Commitments

At 31 March 2019, the Group had commitments of AED 1,038,793 thousands (31 December 2018: AED 878,729 thousands) which includes project commitments of AED 695,742 thousands (31 December 2018: AED 500,478 thousands). This represents the value of contracts issued as at reporting date net of invoices received and accruals made as at that date.

Operating lease commitments - Group as lessor

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

	<i>31 March 2019 AED'000</i>	<i>31 December 2018 AED'000 (Audited)</i>
Within one year	2,567,566	2,533,472
After one year but not more than five years	4,878,664	4,922,800
More than five years	656,883	677,204
	<u>8,103,113</u>	<u>8,133,476</u>

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21 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments - Group as lessor (continued)

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 31 March 2019 was AED 93,207 thousands (period ended 31 March 2018: AED 83,630 thousands).

Legal claims

As at 31 March 2019, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 5,517 thousands (31 December 2018: AED 2,265 thousands). Based on the advice of legal advisors, outcome of these claims will have no adverse impact on the interim condensed consolidated financial statements of the Group.

22 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

During the Annual General Meeting of the Company held on 23 April 2019, the shareholders of the Company approved:

- a cash dividend of AED 0.10 per share for the year 2018.
- to pay bonus to the non-executive members of the Board of Directors amounting to AED 650 thousands for each board member (including the Chairman and Vice Chairman of the Board of Directors) for the year 2018.
- by the virtue of a Special Resolution, to cancel the Constitutive Regulation of the Employees Incentive Program approved in the annual general meeting in April 2018.