Emaar Development PJSC and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Emaar Development PJSC and its Subsidiaries

Consolidated Financial Statements
For the Year Ended 31 December 2019

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DIRECTORS' REPORT

The Board of Directors of Emaar Development PJSC (the "Company") has pleasure in submitting the consolidated statement of financial position of the Company and its subsidiaries (the "Group") as at 31 December 2019 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2019.

Principal activities

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

Financial results

The Group has recorded a net profit attributable to the owners of the Company of AED 2,700 million for the year ended 31 December 2019.

In accordance with the Articles of Association of the Company and UAE Federal Law No. (2) of 2015, an appropriation of AED 270 million is made to a legal reserve from the distributable profit of AED 2,700 million. The transfer of profit to legal reserve will be allocated until it reaches 50% of the paid-up share capital.

In view of the current circumstances, the Board of Directors of the Company has not recommended any dividend to the shareholders for the year 2019, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit after considering appropriation to general reserve will be transferred to retained earnings. Total shareholders' funds attributable to the owners of the Company as at 31 December 2019 amount to AED 9,600 million.

Outlook for 2020

Emaar Development delivered an impressive property sales in UAE amidst challenging business environment creating a significant sales backlog of AED 33,608 million (including joint ventures and development agreements) to be recognised over the coming years.

The Group with its customer centric approach will continue to innovate and enhance lifestyle experiences for our customers by creating world-class amenities and managing our communities with utmost care. The Group will continue to focus on execution and on time delivery while maintaining quality standards. Our strategy is to expand our portfolio by introducing innovative products and new masterplans setting the platform for future growth and long-term value creation for our shareholders.

DIRECTORS' REPORT (continued)

Transactions with related parties

The consolidated financial statements disclose related party transactions and balances in note 23. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Directors

Mr. Mohamed Ali Alabbar	(Chairman)
Mr. Jamal Majid Bin Theniyah	(Vice Chairman)
Mr. Ahmed Jawa	(Director)
Mr. Arif Obeid Al Dehail	(Director)
Dr. Aisha Bint Butti Bin Bishr	(Director)
Mr. Abdulla Mohd Alawar	(Director)
Mr. Adnan Kazim	(Director)

Auditors

KPMG were appointed as external auditors of the company for the year ended 31 December 2019. The Board of Directors has recommended KPMG as the auditors for 2020 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Mohamed Ali Alabbar
Chairman
Dubai, United Arab Emirates

30 MAR 2020

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Independent Auditors' Report

To the Shareholders of Emaar Development PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emaar Development PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Revenue recognition on sale of properties

Refer to notes 2.2, 2.4 and 4 to the consolidated financial statements

The Group recognises revenue on sale of properties over time. Revenue recognition on sale of properties was considered a key audit matter due to following key elements of judgement and estimation involved:

- the analysis of whether the contracts comprise one or more performance obligations;
- determining whether the performance obligations are satisfied over time or at a point in time;
- total estimated development and infrastructure costs required to meet performance obligations under the contracts with customers; and
- evaluating the probability that the Group will collect the entitled consideration under the contracts with customers.

How our audit addressed the key audit matter

- Obtained an understanding of the revenue process implemented by the Group;
- We have performed test of design and implementation and test of operating effectiveness of relevant controls;
- On a sample basis, we assessed the contracts for sale of properties to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time based on the criteria specified under IFRS 15;
- On a sample basis, we assessed the appropriateness of measuring the progress of the construction of properties by reference to costs incurred to date compared to the estimated total costs where the performance obligation is satisfied over time;
- On a sample basis, we assessed the adequacy of the cost to complete through the independent cost consultant's report. For costs incurred to date, we have tested the significant items of cost components by comparing these to the relevant supporting documents including payment certificates to ascertain the existence and accuracy of the costs of work done; and
- We assessed the adequacy of the Group's disclosure in relation to the requirements of IFRS 15.

Key Audit Matters (continued)

Assessment of net realisable value of development properties

Refer to notes 2.2, 2.4 and 10 to the consolidated financial statements

The Group holds development properties both for completed projects and projects under construction. Valuation of these properties is a significant judgement area and is underpinned by a number of assumptions.

Development properties are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group engages professionally qualified external valuers to assess the fair value of its development properties. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value, could have a material impact on the carrying value of the Group's development properties and the fair value disclosures in the Group's consolidated financial statements.

How our audit addressed the key audit matter

- We evaluated the qualifications and competence of the external valuers and read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;

- We involved our real estate valuation specialist, who reviewed valuation methodologies used in the valuation process and challenged the estimates of sales price, discount rates and capitalization rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers;

- On a sample basis, performed audit procedures to assess whether the source data used for the valuation are reasonable by comparing it to the underlying supporting information to obtain insight into the calculation models used to determine the recoverable value;

Key Audit Matters (continued)

Assessment of net realisable value of development properties (continued)

How our audit addressed the key audit matter (continued)

- Performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact on the fair value and assessed the impact of changes in the key assumptions to the conclusions reached by management and whether there were any indicators of management bias; and

- Based on the outcome of our evaluation, we assessed the adequacy of the disclosure in the consolidated financial statements.

Other Matter Relating to Comparative Information

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' report.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

iii) the Group has maintained proper books of accounts;

iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;

v) as disclosed in note 2.1 to the consolidated financial statement, the Group has purchased shares during the year ended 31 December 2019;

vi) note 23 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2019.

KPMG Lower Gulf Limited

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

Date: 30 MAR 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		(US$ 1.00 = AED 3.673)	
	Notes	***2019 AED'000***	*2018 AED'000*
Revenue	*4*	**12,746,138**	15,433,410
Cost of revenue	*4*	**(7,685,152)**	(8,732,977)
GROSS PROFIT		**5,060,986**	6,700,433
Selling, general and administrative expenses	*5*	**(1,466,163)**	(1,256,704)
Finance income	*6a*	**151,331**	162,677
Finance costs	*6b*	**(288,833)**	(169,701)
Other income		**24,863**	139,588
Share of results of joint ventures	*12*	**49,949**	58,327
PROFIT FOR THE YEAR		**3,532,133**	5,634,620
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,532,133**	5,634,620
ATTRIBUTABLE TO:			
Owners of the Company		**2,700,119**	3,901,158
Non-controlling interest		**832,014**	1,733,462
		3,532,133	5,634,620
Earnings per share attributable to the owners of the Company:			
- basic and diluted earnings per share (AED)	*20*	**0.68**	0.98

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		(US$ 1.00 = AED 3.673)	
	Notes	***2019 AED'000***	*2018 AED'000*
ASSETS			
Bank balances and cash	*7*	**4,226,500**	6,857,094
Trade and unbilled receivables	*8*	**8,609,670**	6,002,460
Other assets, receivables, deposits and prepayments	*9*	**4,708,770**	4,704,853
Development properties	*10*	**14,739,325**	12,368,253
Loans to joint ventures	*11*	**798,168**	527,428
Investments in joint ventures	*12*	**343,777**	59,333
Property, plant and equipment	*13*	**54,635**	58,359
TOTAL ASSETS		**33,480,845**	30,577,780
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	*14*	**13,093,949**	10,262,488
Advances from customers	*15*	**3,426,359**	5,075,731
Retentions payable	*16*	**824,769**	617,065
Interest-bearing loans and borrowings	*17*	**3,757,606**	3,931,028
Provision for employees' end-of-service benefits		**24,026**	24,565
TOTAL LIABILITIES		**21,126,709**	19,910,877
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**4,000,000**	4,000,000
Legal reserve	*19*	**689,625**	419,614
Retained earnings		**4,910,331**	3,525,123
		9,599,956	7,944,737
Non-controlling interests	27	**2,754,180**	2,722,166
TOTAL EQUITY		**12,354,136**	10,666,903
TOTAL LIABILITIES AND EQUITY		**33,480,845**	30,577,780

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2019.

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

Chairman

Director

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to the owners of the Company					
	Share capital AED'000	*Legal reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2019	4,000,000	419,614	3,525,123	7,944,737	2,722,166	10,666,903
Profit for the year	-	-	2,700,119	2,700,119	832,014	3,532,133
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year			2,700,119	2,700,119	832,014	3,532,133
Director's Bonus	-	-	(4,900)	(4,900)	-	(4,900)
Dividend (note 25)	-	-	(1,040,000)	(1,040,000)	(800,000)	(1,840,000)
Transfer to legal reserve (note 19)	-	270,011	(270,011)	-	-	-
Balance at 31 December 2019	**4,000,000**	**689,625**	**4,910,331**	**9,599,956**	**2,754,180**	**12,354,136**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2019

	Attributable to the owners of the Company					
	Share capital AED'000	*Legal reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2018	4,000,000	150	1,083,429	5,083,579	1,116,204	6,199,783
Profit for the year	-	-	3,901,158	3,901,158	1,733,462	5,634,620
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	3,901,158	3,901,158	1,733,462	5,634,620
Dividend (note 25)	-	-	(1,040,000)	(1,040,000)	(127,500)	(1,167,500)
Transfer to legal reserve (note 19)	-	419,464	(419,464)	-	-	-
Balance at 31 December 2018	4,000,000	419,614	3,525,123	7,944,737	2,722,166	10,666,903

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	*(US$ 1.00 = AED 3.673)* **2019 AED'000**	*2018 AED'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**3,532,133**	5,634,620
Adjustments for:			
Share of results of joint ventures	*12*	**(49,949)**	(58,327)
Depreciation (including right-of use assets)	*5*	**25,525**	15,725
Provision for employees' end-of-service benefits, net		**(539)**	3,342
Finance costs	*6b*	**288,833**	169,701
Finance income	*6a*	**(151,331)**	(162,677)
Cash from operations before working capital changes		**3,644,672**	5,602,384
Trade and unbilled receivables		**(2,607,210)**	(4,436,164)
Other assets, receivables, deposits and prepayments		**(4,074)**	(1,568,283)
Development properties		**(1,054,466)**	(3,008,296)
Advances from customers		**(1,649,372)**	(2,619,604)
Trade and other payables		**(902,908)**	4,072,547
Retentions payable		**207,704**	139,193
Net cash used in operating activities		**(2,365,654)**	(1,818,223)
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		**151,488**	167,660
Loan to joint ventures		**(505,212)**	(121,798)
Amounts incurred on property, plant and equipment	*13*	**(11,185)**	(6,910)
Disposal of property, plant and equipment	*13*	**2,703**	-
Investment in a joint venture		**-**	(441)
Deposits maturing after three months	*7*	**68,340**	1,788,057
Net cash (used in)/ from investing activities		**(293,866)**	1,826,568
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		**(255,608)**	(160,993)
Funding from Parent		**2,401,347**	353,403
Borrowings from financial institutions		**3,465,476**	-
Repayment of loans to financial institutions		**(3,966,840)**	-
Dividends paid	*25*	**(1,840,000)**	(1,167,500)
Director's Bonus paid		**(4,900)**	-
Net cash used in financing activities		**(200,525)**	(975,090)
DECREASE IN CASH AND CASH EQUIVALENTS		**(2,860,045)**	(966,745)
Cash and cash equivalents at the beginning of the year		**6,788,754**	7,755,499
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	*7,17*	**3,928,709**	6,788,754

The accompanying notes 1 to 27 form an integral part of these 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 "Parent Company" or "Parent"), a company incorporated in the UAE and listed on the Dubai Financial Market. 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 Offering ("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 subsidiaries constitute the Group (the "Group").

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

The consolidated financial statements were authorised for issue on 30 March 2020.

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of 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 consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company as at 31 December 2019. Control is achieved where all the following criteria are met:

(a) the Group 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 Group has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Group 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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Subsidiaries

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

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

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

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

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

Details of the Company's subsidiaries are as follows:

Subsidiaries	Place of incorporation	Principal activities	Percentage of effective holding
Dubai Hills Estate LLC	UAE	Property development	50%
Emaar Mina Rashid Development Owned By Emaar Development L.L.C (refer note (i) below	UAE	Buying, selling and development of real estate and leasing and management of self-owned property	100%
Mina Rashid Properties L.L.C (refer note (i) below)	UAE	Buying, selling and development of real estate	100%
Emaar Gardens L.L.C (refer note (ii) below)	UAE	Real Estate Development, Investment in Commercial Enterprises & Management	100%

(i) On 9 January 2019, the Group incorporated a new subsidiary, Emaar Mina Rashid Development Owned by Emaar Development L.L.C ("Emaar Mina Rashid"). During the year ended 31 December 2019, Emaar Mina Rashid has entered into a Development Agreement ("DA") with Mina Rashid Properties L.L.C ("Mina Rashid") to develop Mina Rashid land into a mixed-use community as per the Master Plan (the "Mina Rashid Project").

As per the contractual arrangement, the Group has obtain control over Mina Rashid, which is a single asset owning entity and accordingly, the entity is consolidated as at 31 December 2019, in accordance with the requirements of IFRS 10 "Consolidated Financial Statements".

As at 31 December 2019, on consolidation of Mina Rashid, the Group has recorded, land within development properties amounting to AED 1,316,606 thousands, with a corresponding liability payable under trade and other payables. Also refer note 22.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

(ii) On 31 August 2019, the Group entered into a joint venture agreement with the other joint venture partners to incorporate a new entity “Emaar Gardens LLC”. As per the joint venture agreement, the Group was holding 50% of the share capital in Emaar Gardens LLC. The business plan of Emaar Gardens LLC is to develop certain parcels of land in the Emirate of Dubai and entered a sale and purchase agreement to acquire certain parcels of land for a consideration of AED 1,836,500 thousands with a long term payment plan.

On 20 November 2019, the Group entered into a share sale and purchase agreement (“share agreement”) with the other joint venture partners to acquire their shareholding in Emaar Gardens LLC at a mutually agreed consideration. Accordingly, the Group has gained full control over Emaar Gardens LLC and has accounted it as a subsidiary as at 31 December 2019 in accordance with the requirements of IFRS 10 *“Consolidated Financial Statements”*. As at 31 December 2019, the Group has access for one plot of land, accordingly, the consideration paid towards this plot of land is recorded under “Development Properties” in the Group’s consolidated financial statements and the remaining amount is disclosed as capital commitments in the Group’s consolidated financial statements. Also refer note 22.

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 whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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 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 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. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Judgments

Timing of 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 assess 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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Determination of transaction prices (continued)

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 *Revenue from Contracts with Customers* 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.

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

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

Estimations and assumptions

Split of real estate components
The 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, retention payable, advance from customers and 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, unbilled receivables and other receivables
An estimate of the collectible amount of trade, unbilled 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 based on expected credit losses on such receivables.

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

Measurement of progress when revenue is recognised over time
The Group has elected to apply the input method to measure the progress of 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.

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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

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.

Development properties are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

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

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) Standards, interpretations and amendments in issue but not 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 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 17 - Insurance Contracts (amendments are effective for annual period beginning on or after 1 January 2021);
- IAS 1 and IAS 8 - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition (effective for annual period beginning on or after 1 January 2020);
- IFRS 3 - Definition of a Business (Amendment to IFRS 3) (effective for annual period beginning on or after 1 January 2020); and
- Amendments to References to Conceptual Framework in IFRS Standards (effective for annual period beginning on or after 1 January 2020).

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.

(b) 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 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 consolidated financial statements of the Group except as mentioned below. The nature and the impact of each new standard or amendment is described below:

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.

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.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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.

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 consolidated financial statements of the Group.

Adoption of IFRS 16 Leases and restatement of comparative balances
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’).

The Group has lease contracts for residential and commercial properties. 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 Other assets, receivables, deposits and prepayments and trade and other payables, respectively.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

Adoption of IFRS 16 Leases and restatement of comparative balances (continued)

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 cumulative effect of initially applying the standard (if any) is recognised as an adjustment to the opening balance of retained earnings.

The Group has reassessed the existing lease arrangements which was previously recognised as 'operating lease' under IAS 17 based on the remaining contractual terms of the head lease and recorded as a 'finance lease' under IFRS 16.

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

	Right-of-use assets AED'000	***Lease liabilities AED'000***
As at 1 January 2019	**13,319**	**12,158**
Depreciation expense	**(7,974)**	**-**
Interest expense	**-**	**333**
Payments	**-**	**(6,966)**
As at 31 December 2019	**5,345**	**5,525**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate applied is 4%.

Lease liabilities are payable as below:

Lease liabilities payable after 12 months	**-**
Lease liabilities payable within 12 months	**5,525**
Balance as at year end	**5,525**

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

	1 January 2019 to 31 December 2019 AED'000
Depreciation expense of right-of-use assets	**7,974**
Interest expense on lease liabilities	**333**
Total amounts recognised in consolidated statement of comprehensive income	**8,307**

The Group has presented right of use assets within 'Property, plant and equipment' and lease liabilities within 'Trade and other payable' in the consolidated statement of financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue from contracts with customers

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

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is recognised in the consolidated 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.

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.

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.

Borrowing costs

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost (which includes capitalised borrowing costs) less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Sales centers (included in land and buildings)	1 - 10 years
Computers and office equipment	2 - 5 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 5 years

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

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

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

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
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other directly attributable costs.

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

The cost of development properties recognised in the consolidated 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.

Investment in joint ventures

The consolidated income statement reflects the Group’s share of the results of operations of its joint ventures. Where there has been a change recognised directly in the other comprehensive income, the Group recognises its share of any changes, when applicable, in the consolidated statement of comprehensive income or the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the interest in the joint venture.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Financial assets

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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

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

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

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

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

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

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

- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, and
- The Group has transferred its rights to receive cash flows from the asset and either:

  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

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

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

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

— significant financial difficulty of the debtor;
— a breach of contract such as a default or being more than 90 days past due;
— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
— the disappearance of an active market for a security because of financial difficulties.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset (other than inventories, contract assets and deferred tax assets) 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 or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group

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

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

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.

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

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

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. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated income statement.

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

End-of-service benefits

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

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

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

3 SEGMENT INFORMATION

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 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 consolidated financial statements relates to its operation in the UAE.

4 REVENUE AND COST OF REVENUE

	2019 AED'000	*2018 AED'000*
Revenue		
Sale of condominiums	**8,515,131**	7,900,171
Sale of villas	**3,950,126**	6,794,476
Sale of commercial units, plots of land and development services	**280,881**	738,763
	12,746,138	15,433,410
Cost of revenue		
Cost of condominiums	**5,540,361**	4,998,829
Cost of villas	**2,132,994**	3,527,429
Cost of commercial units and plots of land	**11,797**	206,719
	7,685,152	8,732,977

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

	2019 AED'000	*2018 AED'000*
- Over a period of time	**12,727,981**	15,019,175
- Single point in time	**18,157**	414,235
	12,746,138	15,433,410

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2019 AED'000	*2018 AED'000*
Sales and marketing expenses	**564,356**	388,711
Payroll and related expenses	**257,746**	231,266
Property management expenses	**79,615**	108,954
Depreciation (including right-of use assets) (note 13)	**25,525**	15,725
Other expenses	**538,921**	512,048
	1,466,163	1,256,704

During the year ended 31 December 2019, no social contribution has been made by the Group (2018: Nil).

6a FINANCE INCOME

	2019 AED'000	*2018 AED'000*
Finance income on fixed and call deposits with banks	**140,499**	144,042
Other finance income	**10,832**	18,635
	151,331	162,677

6b FINANCE COSTS

	2019 AED'000	*2018 AED'000*
Finance costs – bank and related party borrowings (note 23)	**269,512**	157,749
Other finance costs	**19,321**	11,952
	288,833	169,701

7 BANK BALANCES AND CASH

	2019 AED'000	*2018 AED'000*
Cash in hand	**1,019**	1,055
Current and call bank deposit accounts	**4,225,481**	6,761,990
Fixed deposits maturing within three months	**-**	25,709
Cash and cash equivalents	**4,226,500**	6,788,754
Fixed deposits maturing after three months	**-**	68,340
	4,226,500	6,857,094

As at 31 December 2019, Cash and cash equivalent is AED 3,928,709 thousands (2018: AED 6,788,754 thousands) which is after net of facilities obtained from various commercial banks in the UAE and are repayable on demand. Also refer note 17.

7 BANK BALANCES AND CASH (continued)

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 earned interest at rate 3.2% per annum for 31 December 2018.

As at 31 December 2019, an amount of AED 4,134,345 thousands (2018: AED 6,798,327 thousands) are with banks against advances received from customers on sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

8 TRADE AND UNBILLED RECEIVABLES

	2019 AED'000	*2018 AED'000*
Trade receivables		
Amounts receivables within 12 months, net	**1,211,888**	1,089,432
Unbilled receivables		
Unbilled receivables within 12 months	**4,452,564**	3,580,644
Unbilled receivables after 12 months, net	**2,945,218**	1,332,384
	7,397,782	4,913,028
Total trade and unbilled receivables	**8,609,670**	6,002,460

The above trade receivables are net of AED 56,629 thousands (2018: AED 56,629 thousands) relating to provision for doubtful debts representing management's best estimate of expected loss on trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

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

	2019 AED'000	*2018 AED'000*
Balance at the beginning and end of the year	**56,629**	56,629

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

			Past due but not impaired			
	Total AED'000	*Neither past due nor impaired AED'000*	*Less than 30 days AED'000*	*Between 30 to 60 days AED'000*	*Between 60 to 90 days AED'000*	*More than 90 days AED'000*
2019	**8,609,670**	**7,397,782**	**209,393**	**99,524**	**86,373**	**816,598**
2018	6,002,460	4,913,028	28,345	28,535	232,523	800,029

Refer note 26(a) on credit risks of trade and unbilled receivables, which discusses how the Group manages and measures credit quality of trade and unbilled receivables that are neither past due nor impaired.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 ***AED'000***	*2018* *AED'000*
Due from related parties (note 23)	**2,446,307**	2,256,407
Advances to contractors and others	**1,090,867**	1,226,639
Deferred sales commission (i)	**772,728**	731,416
Value added tax recoverable	**195,151**	304,770
Prepayments	**16,127**	24,978
Other receivables and deposits	**187,590**	160,643
	4,708,770	4,704,853

(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.

The above receivables are expected to be recovered within 12 months from the reporting date.

10 DEVELOPMENT PROPERTIES

	2019 ***AED'000***	*2018* *AED'000*
Balance at the beginning of the year	**12,368,253**	9,359,957
Add: Costs incurred during the year	**10,126,252**	11,741,273
Less: Costs transferred to cost of revenue during the year	**(7,685,152)**	(8,732,977)
Less: Transferred to Parent Company (note 23)	**(70,028)**	-
Balance at the end of the year	**14,739,325**	12,368,253

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

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

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

During the year 31 December 2019, an amount of AED 162,920 thousands (2018: AED 97,289 thousands) was capitalised as cost of borrowings for the construction of development properties.

11 LOANS TO JOINT VENTURES

	2019 ***AED'000***	*2018* *AED'000*
Zabeel Square LLC (note 12)	**-**	237,653
Emaar Dubai South DWC LLC	**798,168**	289,775
	798,168	527,428

Loans to joint ventures are unsecured, repayable on demand and do not carry any interest.

12 INVESTMENTS IN JOINT VENTURES

	2019 AED'000	*2018 AED'000*
Emaar Dubai South DWC LLC (i)	**109,305**	59,333
Zabeel Square LLC (ii)	**234,472**	-
Net investment in joint ventures as at year end	**343,777**	59,333

(i) During 2015, the Parent Company 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 Parent has a 50% interest. The entity is primarily involved in property development activities.

(ii) On 9 January 2017, the Parent Company 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 Parent has 50% equity interest in the joint venture company, Zabeel Square LLC ("Zabeel Square"). During the year ended 31 December 2019, loan to Zabeel square is reclassified to Investment in joint ventures.

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

	Country of incorporation	***Ownership***	
		2019	*2018*
Emaar Dubai South DWC LLC	UAE	**50.00%**	50.00%
Zabeel Square LLC	UAE	**50.00%**	50.00%

The following table summarises the statement of comprehensive income of the Group's joint ventures for the year ended 31 December 2019:

	Emaar Dubai South DWC LLC AED'000	***Zabeel Square LLC AED'000***	***Total AED'000***
Revenue	**482,515**	-	**482,515**
Total comprehensive income/ (loss) for the year	**99,944**	**(46)**	**99,898**
Profit / (loss) attributable to owners of the Company	**99,944**	**(46)**	**99,898**
Group's share of profit / (loss) for the year	**49,972**	**(23)**	**49,949**

The following table summarises the statement of comprehensive income of the Group's joint ventures for the year ended 31 December 2018:

	Emaar Dubai South DWC LLC AED'000	*Zabeel Square LLC AED'000*	*Total AED'000*
Revenue	581,085	-	581,085
Total comprehensive income/ (loss) for the year	117,836	(1,182)	116,654
Profit attributable to owners of the Company	117,836	(1,182)	116,654
Group's share of profit for the year	58,918	(591)	58,327

12 INVESTMENTS IN JOINT VENTURES (continued)

No dividend is received during the year from joint ventures.

The following table summarises the statements of financial position of the Group's joint ventures as at 31 December 2019:

	Emaar Dubai South DWC LLC AED'000	***Zabeel Square LLC AED'000***	***Total AED'000***
Total assets **(**including cash and cash equivalents of AED 307,375 thousands)	**1,839,958**	**647,027**	**2,486,985**
Total liabilities	**1,621,349**	**178,083**	**1,799,432**
Net assets	**218,609**	**468,944**	**687,553**
Group's share of net assets	**109,305**	**234,472**	**343,777**

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

	Emaar Dubai South DWC LLC AED'000	*Zabeel Square LLC AED'000*	*Total AED'000*
Total assets (including cash and cash equivalents of AED 86,609 thousands)	835,754	651,135	1,486,889
Total liabilities	717,088	652,016	1,369,104
Net assets	118,666	(881)	117,785
Group's share of net assets	59,333	-	59,333

As at 31 December 2019, the Group's joint ventures has commitments of AED 2,718,618 thousands (2018: AED 2,668,267 thousands).

13 PROPERTY, PLANT AND EQUIPMENT

2019:	*Land and building AED'000*	*Computers and office equipment AED'000*	*Furniture and fixtures AED'000*	*Motor vehicles AED'000*	*Right-of-use of assets AED'000*	*Total AED'000*
Cost:						
At 1 January 2019	58,357	5,681	35,899	24	-	99,961
Additions	-	10,417	768	-	13,319	24,504
Disposals	-	-	(12,983)	-	-	(12,983)
At 31 December 2019	**58,357**	**16,098**	**23,684**	**24**	**13,319**	**111,482**
Accumulated depreciation:						
At 1 January 2019	17,021	1,213	23,365	3	-	41,602
Depreciation charge for the year (note 5)	5,836	4,941	6,768	6	7,974	25,525
Depreciation on Disposals	-	-	(10,280)	-	-	(10,280)
At 31 December 2019	**22,857**	**6,154**	**19,853**	**9**	**7,974**	**56,847**
Net carrying amount:						
At 31 December 2019	**35,500**	**9,944**	**3,831**	**15**	**5,345**	**54,635**

2018:	*Land and building AED'000*	*Computers and office equipment AED'000*	*Furniture and fixtures AED'000*	*Motor vehicles AED'000*	*Right-of-use of assets AED'000*	*Total AED'000*
Cost:						
At 1 January 2018	58,357	92	34,602	-	-	93,051
Additions	-	5,589	1,297	24	-	6,910
At 31 December 2018	58,357	5,681	35,899	24	-	99,961
Accumulated depreciation:						
At 1 January 2018	11,185	86	14,606	-	-	25,877
Depreciation charge for the year (note 5)	5,836	1,127	8,759	3	-	15,725
At 31 December 2018	17,021	1,213	23,365	3	-	41,602
Net carrying amount:						
At 31 December 2018	41,336	4,468	12,534	21	-	58,359

14 TRADE AND OTHER PAYABLES

	2019 *AED'000*	*2018* *AED'000*
Creditors for land purchase	**4,188,119**	3,879,624
Project contract cost accruals and provisions	**3,294,268**	2,964,291
Payable to related parties (note 23)	**4,141,037**	2,008,821
Trade payables	**785,631**	818,022
Sales commission payable	**72,269**	96,526
Payable to authorities	**66,241**	52,905
Other payables and accruals	**540,859**	442,299
Lease liabilities	**5,525**	-
	13,093,949	10,262,488

Trade and other payables (other than payable to related parties (refer note 23(iii)) are non-interest bearing and for explanations on the Group's credit risk management process (refer note 26(a)).

15 ADVANCES FROM CUSTOMERS

	2019 *AED'000*	*2018* *AED'000*
Balance at the beginning of the year	**5,075,731**	7,695,335
Add: Additions during the year	**10,853,206**	12,746,443
Less: Revenue recognised during the year	**(12,502,578)**	(15,366,047)
Balance at the end of the year	**3,426,359**	5,075,731

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied / partially unsatisfied as at 31 December 2019 is AED 24,420,391 thousands (2018: AED 29,725,081 thousands). The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 5 years.

16 RETENTIONS PAYABLE

	2019 *AED'000*	*2018* *AED'000*
Retentions payable within 12 months	**394,659**	279,650
Retentions payable after 12 months	**430,110**	337,415
	824,769	617,065

17 INTEREST-BEARING LOANS AND BORROWINGS

	2019 ***AED'000***	*2018* *AED'000*
Balance at the beginning of the year	**3,966,840**	3,966,840
Add: Borrowings drawn down during the year	**3,763,267**	-
Less: Repaid during the year	**(3,966,840)**	-
Balance at the end of the year	**3,763,267**	3,966,840
Less: Unamortised portion of directly attributable costs	**(5,661)**	(35,812)
Net interest-bearing loans and borrowings at the end of the year	**3,757,606**	3,931,028

On 27 September 2017, the Group entered into a 5-year Murabaha financing facility (the "Murabaha facility") agreement for an amount of USD 1,300,000 thousands (AED 4,774,900 thousands) with First Abu Dhabi Bank PJSC. The Facility was assigned against cash flows of certain projects of the Group, carried profit rate at LIBOR plus 1.4% per annum (2018: LIBOR plus 1.4% per annum) and is fully repayable by 2022. As at 31 December 2018, Interest-bearing loans and borrowings mainly represented amount drawn down against Murahaba facility.

During 2019, Group has repaid the Murahaba facility and has availed 5-year Revolving credit facility ("RCF facility") of USD 1,000,000 thousands (AED 3,673,000 thousands). This RCF facility is unsecured and carries interest rate at 3 months LIBOR plus 1.25% per annum and is available until 2022. This RCF facility carries certain financial covenants. As at 31 December 2019, the Group has drawn down USD 943,500 thousands (AED 3,465,476 thousands) from the RCF facility. This RCF facility is presented in the consolidated financial statement at AED 3,459,815 thousands (2018: Nil) net of unamortised directly attributable transaction cost.

As at 31 December 2019, included under interest-bearing loans and borrowings is AED 297,791 thousands (2018: Nil) which represents facilities obtained from various commercial banks in the UAE and is repayable on demand. The remaining outstanding balance of AED 3,459,815 thousands (2018: AED 3,931,028 thousands) of interest-bearing loans and borrowings is payable after 12 months from the reporting date.

18 SHARE CAPITAL

	2019 ***AED'000***	*2018* *AED'000*
Authorised capital: 8,000,000,000 shares of AED 1 each (2018: 8,000,000,000 shares of AED 1 each)	**8,000,000**	8,000,000
Issued and fully paid-up: 4,000,000,000 shares of AED 1 each (2018: 4,000,000,000 shares of AED 1 each)	**4,000,000**	4,000,000

19 LEGAL RESERVE

According to Article number 61 of the Articles of Association of the Company and Article 239 of the UAE Federal Law No. (2) of 2015, 10% of the annual net profit shall be allocated to legal reserve until it reaches 50% of the paid-up share capital. The Company has transferred AED 270,011 thousands to legal reserve from net profit for the year (for the period 21 November 2018 to 31 December 2019 : AED 419,614 thousands)

20 EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

20 EARNINGS PER SHARE (continued)

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

	2019	*2018*
	AED'000	*AED'000*
Earnings:		
Profit attributable to the owners of the Company	**2,700,119**	3,901,158

	2019	*2018*
Number of shares in thousands		
Weighted-average number of ordinary shares for basic earnings per share	**4,000,000**	4,000,000

	2019	*2018*
Earnings per share:		
- basic and diluted earnings per share (AED)	**0.68**	0.98

21 GUARANTEES AND CONTINGENCIES

A. Guarantees

The Group has provided a performance guarantee of AED 6,800,239 thousands (2018: AED 5,614,424 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its projects as per RERA regulations.

B. Subsequent event

Subsequent to the reporting date, the outbreak of Covid-19 may have a potential disruption to the Group's business. As the situation is fast evolving, the effect of the outbreak of Covid-19 is subject to significant levels of uncertainty, with the full range of possible effects on business is unknown on the date of the approval of the consolidated financial statements.

22 COMMITMENTS

At 31 December 2019, the Group had commitments of AED 9,865,151 thousands (2018: AED 8,403,111 thousands). This represents the value of contracts entered into by the Group including contracts entered 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.

Furthermore, in accordance with the Development Agreement entered by the Group with Mina Rashid, the Group has a commitment to pay 30% of future profits over the project life cycle of Mina Rashid Project.

There are certain claims submitted by contractors relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

Operating lease commitments - Group as lessee

The Group had entered into operating lease agreements for properties, office facilities and equipment. These leases have an average life of between 1 to 3 years. There are no restrictions placed upon by the Group on entering these leases. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2018
	AED'000
Within one year	6,966
After one year but not more than three years	5,525
	12,491

23 RELATED PARTY DISCLOSURES

For the purpose of these consolidated financial statements, parties are 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 (Affiliated entities). 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:

	2019 AED'000	*2018 AED'000*
Parent:		
Revenue (refer (ii) below)	**228,957**	243,794
Selling, general and administrative expenses (refer (i) below)	**413,489**	491,617
Finance cost (refer (iii) below)	**78,778**	3,427
Net funding movement (refer (iii) below)	**2,401,347**	353,403
Transfer of development properties	**70,028**	-

	2019 AED'000	*2018 AED'000*
Affiliated entities:		
Selling, general and administrative expenses	**21,328**	10,924
Property development expenses	**41,816**	136,631
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	**1,114**	2,608

Related party balances

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

	2019 AED'000	*2018 AED'000*
Parent:		
Other assets, receivables, deposits and prepayments (refer (ii) below)	**2,419,866**	2,230,240
Trade and other payables (refer (i) and (iii) below)	**4,139,296**	1,999,442
Affiliated entities:		
Other assets, receivables, deposits and prepayments	**26,441**	26,167
Trade and other payables	**1,741**	9,379

(i) Allocation of corporate expenses:

The Parent Company 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. As per Relationship Agreement, corporate expenses are allocated by the Parent on the basis of 3% of revenue of the Group.

23 RELATED PARTY DISCLOSURES (continued)

Related party balances (continued)

(ii) Recoverable from the Parent:

This mainly represents balances recoverable from the Parent with respect to the development costs incurred for the Build-to-sell (BTS) developments in Dubai Creek Harbour project. As agreed in the Master Transfer Agreement (MTA), the Parent has transferred the development services 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.

(iii) Payable to the Parent Company:

Amount due to the Parent Company is unsecured and is repayable on demand. This includes AED 2,754,750 thousands (2018: AED 353,403 thousands) which carries interest rate at LIBOR plus 1.4% per annum. Also refer note 14.

Compensation of key management personnel

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

	2019 AED'000	*2018 AED'000*
Short-term benefits	**82,241**	74,330
Employees' end-of-service benefits	**2,683**	3,122
	84,924	77,452

During the year, the number of key management personnel is 51 (2018: 71).

24 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 to joint ventures, other receivables, deposits and due from related parties. Financial liabilities of the Group include interest-bearing loans and borrowings, trade payable, retentions payable, payable to related parties 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.

25 DIVIDEND

An interim cash dividend of AED 0.26 per share for the year 2018 was approved by the shareholders of the Company at the General Meeting held on 17 October 2018.

During the year ended 31 December 2019, a final cash dividend of AED 0.26 per share for the year 2018 was approved by the shareholders of the Company at the Annual General Meeting held on 23 April 2019.

The Board of Directors of the Company has proposed not to pay dividend for the year ended 2019.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

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

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

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

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

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

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

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

a) Credit risk

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

Trade, unbilled and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk.

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

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

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Credit risk (continued)

Other financial assets and cash deposits

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

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

Total financial assets at amortized cost amounted to AED 16,136,255 thousands (2018: AED 15,698,963 thousands).

Guarantees

The Group's policy is to provide financial guarantees to its subsidiaries and certain joint ventures. For details of guarantees outstanding as at the reporting date refer note 21 to the consolidated financial statements.

Excessive risk of concentration

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

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

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

b) Market risk

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

Exposure to interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rates is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Group's exposure to market risk for changes in interest rate environment relates mainly to its borrowing from financial institutions.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to interest rate risk (continued)

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

	2019		*2018*	
	Change in basis points	***Sensitivity of interest income/ expense AED'000***	*Change in basis points*	*Sensitivity of interest income/ expense AED'000*
Interest-bearing loans and borrowings	**± 100**	**37,633**	± 100	39,668
Trade and other payables	**± 100**	**27,548**	± 100	3,534

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

c) Liquidity risk

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

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

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

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

As at 31 December 2019 Financial liabilities	***Less than 1 year AED'000***	***1 to 5 years AED'000***	***Over 5 years AED'000***	***Total AED'000***
Interest-bearing loans and borrowings	**410,392**	**3,714,104**	**-**	**4,124,496**
Retentions payable	**394,659**	**430,110**	**-**	**824,769**
Trade and other payable	**8,171,934**	**4,447,797**	**1,064,218**	**13,683,949**
Total undiscounted financial liabilities	**8,976,985**	**8,592,011**	**1,064,218**	**18,633,214**
As at 31 December 2018 Financial liabilities				
Interest-bearing loans and borrowings	167,652	4,234,837	-	4,402,489
Retentions payable	279,650	337,415	-	617,065
Trade and other payable	6,229,515	4,133,423	308,205	10,671,143
Total undiscounted financial liabilities	6,676,817	8,705,675	308,205	15,690,697

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Capital management

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

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

27 NON-CONTROLLING INTEREST (NCI)

Financial information of the Group's subsidiary is provided below:

	Country of incorporation	***NCI holding 2019***	*NCI holding 2018*
Dubai Hills Estate LLC	UAE	**50%**	50%

The following table summarises the statement of financial position of a partially owned material subsidiary as at 31 December 2019. This information is based on the amounts before inter-company elimination.

	Dubai Hills Estate LLC	
	2019 AED'000	*2018 AED'000*
Total assets	**8,193,854**	8,414,462
Total liabilities	**2,685,494**	2,970,130
Total equity	**5,508,360**	5,444,332
Attributable to:		
Owners of the Company	**2,754,180**	2,722,166
Non-controlling interest	**2,754,180**	2,722,166

27 NON-CONTROLLING INTEREST (continued)

The following table summarises the income statement of a partially owned material subsidiary as at 31 December 2019. This information is based on the amounts before inter-company elimination.

	Dubai Hills Estate LLC	
	2019	*2018*
	AED'000	*AED'000*
Revenue	**4,689,476**	8,132,212
Profit for the year	**1,664,028**	3,466,924
Total comprehensive income for the year	**1,664,028**	3,466,924
Attributable to:		
Owners of the Company	**832,014**	1,733,462
Non-controlling interest	**832,014**	1,733,462