DXB ENTERTAINMENTS

DREAMS WITHOUT BOUNDARIES

MIDDLE EAST'S LARGEST MULTI-THEMED LEISURE AND ENTERTAINMENT DESTINATION

Corporate Governance Report 2019

1. Corporate Governance

DXB Entertainments PJSC (the "Company") recognises that sound corporate governance is fundamental to the success of its business and for delivering long-term benefits to the Company's stakeholders. The Company complies with and strives to exceed the corporate governance and regulatory requirements applicable to public joint stock companies listed on the Dubai Financial Market ("DFM") and adopts the highest standards of international corporate governance best practice.

The Company's Board of Directors (the "Board") is responsible for ensuring that the Company complies with its legal and regulatory obligations, enhancing the value of the shareholders' equity, achieving the Company's corporate objectives, providing oversight of the integrity of the Company's accounting and financial reporting systems, and ensuring an appropriate system of internal control. The Board acts in accordance with its fiduciary duty to the Company, ensuring responsibility and accountability.

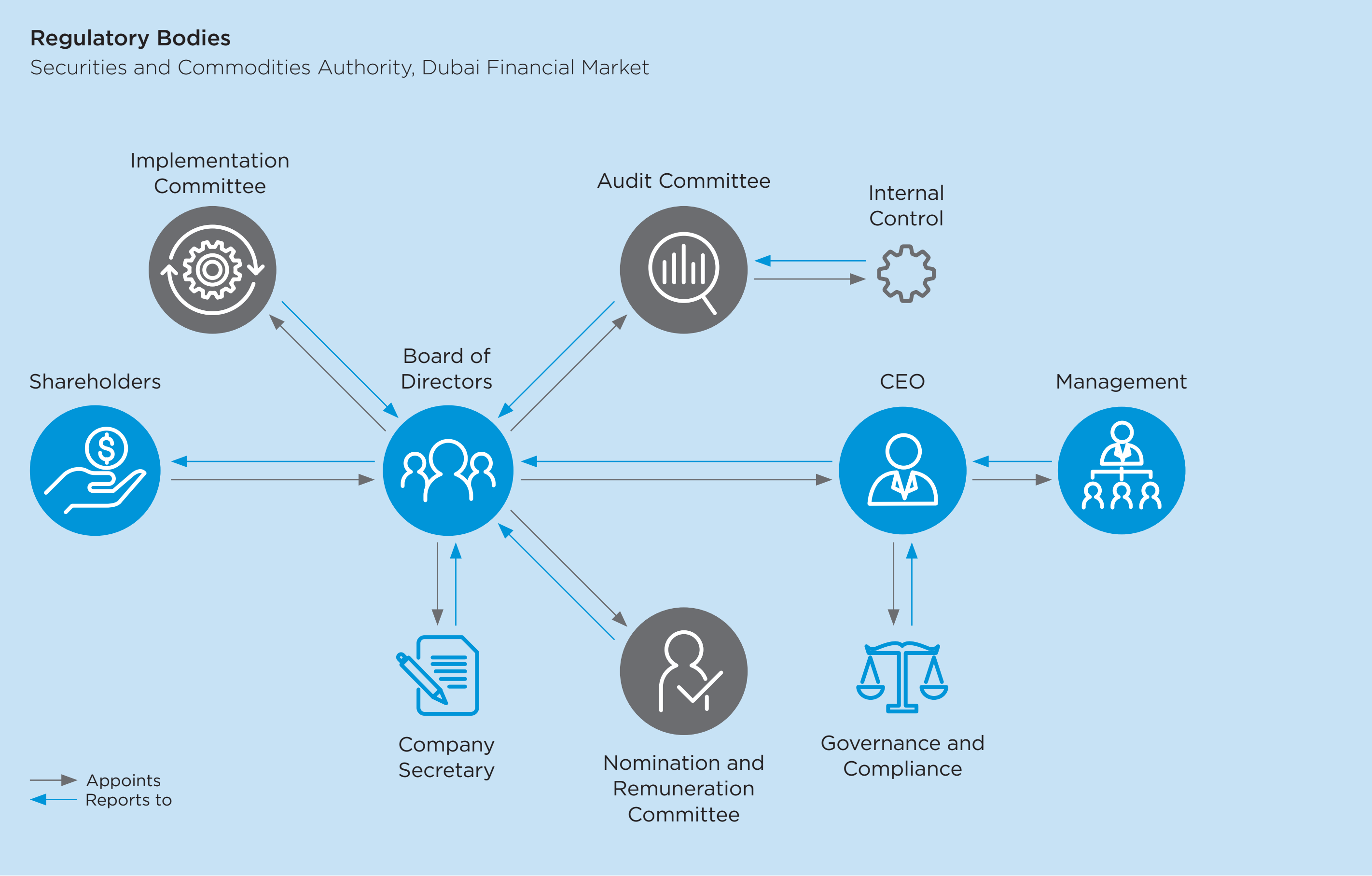
The Company strives to maintain transparent communication with its stakeholders to ensure that they are kept up to date in a timely manner, including disclosures to shareholders, the regulator, the market, and other stakeholders.

Corporate Governance Framework

In support of its commitment to the highest standards of corporate governance and corporate responsibility, the Board has established a robust corporate governance framework.

The corporate governance framework provides the structure that enables the Company to deliver on its values and principles.

The corporate governance framework is implemented by the Company's management team, and independently monitored for effectiveness by the Board and its committees, including the Audit Committee ("AC"), the Nomination and Remuneration Committee ("NRC") and the Implementation Committee ("IC"), and is assisted by external and internal auditors and the Company officers and employees, including the Chief Executive Officer, Chief Financial Officer, Director of Internal Control, Compliance Officer and Director of Governance and Compliance.



The Company's independent Internal Control Department reports to and is overseen by the AC. The Compliance Officer is responsible for verifying compliance by the Company and its employees with applicable laws, regulations, resolutions and by-laws.

The Company's Governance and Compliance Department is headed by the Director of Governance and Compliance, who reports to the CEO. The Governance and Compliance Department is responsible for the internal corporate governance framework, including delegations of authority, policies and procedures and oversight of management committees.

The Company's Corporate Governance Manual forms an essential part of the corporate governance framework, and covers the following matters:

- Board structure and the role of the Company officers and directors;
- Board matters including Board director independence, liability remuneration, conflicts of interest, confidentiality and evaluation;
- Board and management committees;
- Stakeholder rights;
- Investor relations;
- Corporate social responsibility;
- Conduct and ethics;
- Whistleblower protection;
- Share dealing;
- Related party transactions;
- Market disclosures;
- Internal control and internal audit;
- External audit; and
- Governance, risk and compliance.

In accordance with its obligations, the Board ensures that appropriate disclosures are made of all material developments, and the Company maintains active shareholder communication. The Board has established the Company's Internal Control system and the active monitoring of and reporting on the resourcing, testing and effectiveness of the internal control system has been delegated to the AC.

The Company continuously reviews and improves its corporate governance framework and practices ensuring compliance with changes in the regulatory landscape as well as international best practices.

Corporate Governance Practice

Below are the highlights of the Company's significant corporate governance developments and activities in 2019:

- The Board of Directors met seven times in 2019 and passed six resolutions by circulation during the year;
- The Implementation Committee was formed on 13 November 2019;
- Boutros Maroun Boutros was appointed as a Board Member on 15 April 2019;
- A new Compliance Officer for the Company was appointed;
- The Board approved a revised management structure for the Company;
- The Company management committees continued to oversee key aspects of the Company's operations and material risks;
- The Nomination and Remuneration Committee review and confirm that the Directors comply with independence requirements;
- The Company management committees continued to oversee key aspects of the Company's operations and material risks;
- The Board and the Audit Committee continued to review and oversee the integrity of the Company's financial statements, significant financial reports to regulators and any other formal announcements relating to the Company's financial performance;
- The Board reviewed the Company's performance in light of the approved strategy and budget;
- The Board and Board Committees' Self-Assessment Evaluations were carried out to ensure the ongoing effectiveness of the Board in the governance of the Company;
- The Audit Committee recommended the appointment of the external auditors to the Company's shareholders as well as undertaking an annual assessment of the external auditor's performance; and
- The Company's internal delegations of authority were continuously reviewed and updated to ensure operational efficiency while maintaining proper internal controls.

2. Share Dealing

The Company has adopted a share dealing policy that is applicable to all Board members, employees of the Company, and to vendors who have a contractual relationship with the Company. The policy includes guidance and policies on the share dealing framework, unpublished price sensitive information, restrictions, closed periods, share dealing notification, clearance, exemptions, dealing with breach of policy and implementation.

Board members must disclose if they or their first-degree relatives own Company shares. Board members wishing to trade must notify the Company Secretary and obtain approval prior to dealing in the Company's securities.

The Directors and if applicable their first-degree relatives holding shares in the Company are as follows:

Name	Position	Shares owned 31 December 2019	Shares sold during 2019	Shares purchased during 2019
Mukesh Sodani	Director	6,500	Nil	Nil

No other Directors or their first-degree relatives hold any shares in the Company

3. Board of Directors

A. Composition of the Board

S/N	Name	Category (Executive, Non-executive and Independent)	Experience and Qualifications	Period served as a Board member since first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
1	Abdul Wahab Al-Halabi	Chairman of the Board Non-Executive Independent	Refer to page 19	9 December 2014 – ongoing	Not applicable	• Chairman – AbFab Limited • Director - TPL Properties Limited • Director - Mexican Grills Limited. • Director - Decker & Halabi DMCC • Director - Rapid Ventures ADGM Limited
2	Mukesh Sodani	Vice Chairman of the Board Non-Executive	Refer to page 19-20	28 November 2017 – ongoing	Not applicable	• Deputy CEO of Meraas Holding LLC • Board Member of Dubai Hills Estate LLC • Board Member of Dubai Hills Estate Retail LLC • Board Member of Dubai Hills Estate Hospitality LLC • Board Member of Dubai Hills Estate District Cooling LLC • Chairman and Board Member of Yvolv LLC • Chairman of M E Investments LLC • Chairman of Marsa Al Seef LLC. • Vice Chairman and Board Member of Zabeel Square LLC • Vice Chairman and Board Member of Zabeel Square Retail LLC • Vice Chairman and Board Member of Zabeel Square Hospitality LLC • General Manager of Meraas Healthcare LLC • Chairman and Board Member of Merex Investment Group LLC
3	Mohamed Almulla	Executive Director, Managing Director and Chief Executive Officer	Refer to page 20	28 November 2017 – ongoing	Board Member of Noor Bank PJSC (resigned on 2 January 2020)	• Board Member of Noor Investment Group LLC • Board Member of Noor Takaful (appointed on 6 February 2020) • Deputy Chairman of Hala China LLC • Board Member of Al Jalila Cultural Centre for Children • Board Member of Hamdan Sports Complex • Board Member of the National Media Council • Board Member of the UAE Padel Association
4	Amina Taher	Independent Director Non-Executive	Refer to page 20	28 November 2017 – ongoing	Not applicable	• Vice President Corporate Affairs of Etihad Aviation Group. • Board Member of The Middle East Public Relations Association. • Member at IAWA International Aviation Womens Association

S/N	Name	Category (Executive, Non-executive and Independent)	Experience and Qualifications	Period served as a Board member since first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
5	Shravan Shroff	Independent Director Non-Executive	Refer to page 20	23 June 2016 – 26 March 2017 28 November 2017 – ongoing	Not applicable	• Director of Shringar Film Pvt Ltd. • Partner and Managing Director of • RoseWood Portal Company LLC. • Board Member of Rapid Ventures Limited (ADGM FZE). • Managing Director of Rasikh Portal LLC. • Managing Director of Rhode Island Events Ticket Selling LLC. • Board Member of Rigveda Holdings Pte Ltd. • Board Member of Rathdowne Entertainment Pvt Ltd. • Board Member of Noumea Properties Pvt Ltd. • Board Member of Raman Solutions Pte Ltd • Board Member of Ruhi Solutions Pte Ltd • Board Member of Geelong Holdings (Private) Limited • Board Member of Olive Grove Ventures SDN BHD • Board Member of Mandalay Holdings (Private) Limited • Board Member of BGRZ Development Limited • Board Member of Livingston Worldwide Associates Limited • Board Member of Gulf Asia Entertainment Company Limited • Board Member of Sibyl Partners Limited • Board Member of SSPK Ventures Limited • Board Member of Global Travel Technology AS • Board Member of Regina Group Inc
6	Malek Al Malek	Independent Director	Refer to page 20	25 March 2018 – ongoing	Board Member of the Emirates Integrated Telecom-munications Company (du)	• Group Chief Executive Officer of TECOM Group • Director General of Dubai Development Authority (DDA) • Board Member at the Mohammed Bin Rashid Library • Board Member of the National Media Council • Board Member of Higher Colleges of Technology • Chairman of Dubai Institute of Design and Innovation
7	Boutros Maroun Boutros	Independent Director	Refer to page 21	15 April 2019 – ongoing	NA	• none

Experience and Qualifications of the Board Members

Abdul Wahab Al-Halabi

Abdul Wahab Al-Halabi is the Chief Executive Officer and Board Member of Global Investment House, a Kuwait-based investment group. He has more than 20 years' experience in the real estate sector, with expertise in financial restructuring, crisis and debt management, credit enhancements and joint ventures.

Previously he was the Group Chief Investment Officer of Meraas Holding, a partner at KPMG and has acted as Chief Executive Officer of Dubai Properties, a member of Dubai Holding. He holds a BSc Economics from London School of Economics and an Executive MBA from Ecole Nationale des Ponts et Chaussées. He is a Fellow of the Institute of Chartered Accountants in England and Wales and is a member of the UK-based Securities Institute.

Mukesh Sodani

Mukesh Sodani has over three decades of experience in finance and investments across various industries. In 2017, Mukesh joined Meraas as Chief Financial and Investment Officer and is currently the Deputy CEO. Previously he was Chief Financial Officer of Flydubai where he was an integral part of the airline's growth strategy.

Before joining Flydubai in 2011, Mukesh was Group Chief Financial Officer of a real estate conglomerate in Dubai. He has also held senior management positions with Noor Bank, Emirates Airline Group and Dnata. He started his career in finance with one of the Big Four audit firms in Kuwait and Dubai. Mukesh qualified as a member of the Institute of Chartered Accountants, India, in 1987 before gaining Certified Public Accountant (CPA) and Certified Internal Auditor (CIA) qualifications in the US. He also has a diploma in Business Finance from the Institute of Chartered Financial Analysts of India.

Mohamed Almulla

Mohamed Almulla was appointed Chief Executive Officer of DXB Entertainments PJSC in June 2017. Mohamed brings extensive experience from a wide range of media and entertainment business segments, including radio and TV broadcasting, printing and publishing, digital media, out of home advertising, event management, parks and attractions. He was previously Chief Executive Officer at the Arab Media Group where he oversaw all operational aspects of the group's three major business units: Arabian Radio Network, Done Events and Global Village. Since his appointment in 2008, Mohamed steered the group towards market growth through innovation in the entertainment sector and new customer-centric strategies. Prior to joining the Arab Media Group, Mohamed held several leadership positions within the TECOM Group, including Executive Director of Dubai Media City, where he led the consolidation of the business hub's international status whilst playing a key role in attracting leading global media brands to the region. Mohamed holds a Bachelor of Science degree from the University of Toledo, Ohio, USA.

Amina Taher

Amina Taher was appointed as Etihad Aviation Group's Vice President Corporate Affairs in May 2017. She is responsible for setting the group's global communications strategy, managing and safeguarding its brand, providing counsel and overseeing the group's engagement with a number of its key stakeholders. Before joining Etihad, Amina was Head of Social Development and Sponsorship in the Group Communications Unit at Mubadala Investment Company, where she was responsible for assessing, managing and activating Mubadala's sponsorship portfolio. Prior to Mubadala, Amina was the Executive Director of Corporate Communications at Zabeel Investments and has also held various roles with Dubai Holding and General Motors. Amina holds a Master of Public Administration (MPA) degree from Harvard University (USA) and a Master of Business Administration (MBA) degree from the London Business School (UK). She also has a Bachelor of Science degree in Applied Media Studies, graduating with honours from the Higher Colleges of Technology (UAE).

Shravan Shroff

Shravan Shroff is currently Partner at Rosewood Portal Company LLC, a Dubai-based company engaged in online aggregation of tourist villas and other online solutions. He began his career in 1997 with Shringar Films, the family run film distribution business where he pioneered the concept of outsourced screen programming and multiplexing. Under his leadership the group rolled out a chain of 25 multiplexes with over 100 screens in India under the brand name FAME, which he sold to Inox Leisure Ltd. in 2011. In 2013, Shravan co-founded VentureNursery, India's first angel-based accelerator, that incubates and starts up companies in various domains. He is a graduate from Mumbai University and holds a Master's in Business Administration from the Melbourne Business School.

Shravan is also an active member of the Mumbai chapter of the Young Presidents Organization (YPO) a US-based non-profit organisation, and is the current Membership Chair of the Mumbai Chapter. He has served on the Censor Board of India from 2008 to 2012.

Malek Al Malek

Malek Al Malek is the Group CEO of TECOM Group where he has led the transformation of TECOM Group's communities into destinations for innovation, attracting some of the world's most advanced businesses and entrepreneurs. Through his endeavours, he has promoted entrepreneurism, built an intellectual framework, and helped create a unique business environment that attracts investment from Fortune 500 firms who are contributing to shaping Dubai into one of the innovative cities of the world. Additionally, Malek pioneered the launch of in5, an integrated innovation platform that has created, within Dubai, a distinctive and well-rounded ecosystem for entrepreneurs and start-ups. Malek is an active participant in the development of the UAE's education sector through his role on the Board of Trustees at the Higher Colleges of Technology (UAE), and Chairman of the Dubai Institute of Design and Innovation. Malek is also a member of various Boards including the Board of Directors at the Mohammed Bin Rashid Library, the National Media Council, and Emirates Integrated Telecommunications Company (du). Previously, he was a member of Dubai Freezone Council, as well as a board member of Energy Management Services International, Smart City Kochi (India), and Smart City Malta. Malek joined TECOM Group in 2002 and last served as CEO of TECOM Business Parks. He holds a Bachelor's degree in Business Management from the Higher Colleges of Technology (UAE).

Boutros Maroun Boutros

Boutros Maroun Boutros is Divisional Senior Vice President for Emirates Group's Corporate Communications, Marketing and Brand department. His responsibilities include all marketing and communications activities across the globe for Emirates Airline, Dnata, and the 100-plus businesses under the Emirates Group umbrella. In his 29-year career with Emirates, Boutros has played a key role in building the airline's global brand presence through strategic sports sponsorships and integrated marketing communications initiatives and has been instrumental in developing Emirates' digital strategy to drive additional revenues. He oversees a team of over 250 professionals and more than 200 global agencies, representing the full marketing spectrum, to deliver creative communications campaigns and solutions for Emirates Airline and the wider Group. Boutros has over three decades of experience in journalism, public relations and marketing communications. Prior to joining Emirates, he was the London-based Business Editor of the leading Pan-Arab daily newspaper sawt Al Kuwait. Prior to that role he was Managing Editor for Al Hawadeth, a weekly pan-Arab magazine.

B. Female Representation

As on 31 December 2019, the Board included one female director who was appointed on 28 November 2017.

C. Board Fees for 2018 and 2019

Compensation

The authorities reserved to and exercised by the Board comply with the provisions of the Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies (the "Governance Rules"). Remuneration of the Chairman and members of the Board of Directors may be made up of a percentage of the net profit not exceeding 10 percent of the fiscal year profits. The Company may also pay expenses, fees, additional bonuses or a monthly salary as decided by the Board of Directors to any of its members if this member works in any committee, makes special efforts, or additional work to serve the Company in addition to their regular duties as a member of the Board of Directors. Attendance allowance may not be paid to the Chairman or a Board member for attending the Board meetings.

In November 2017 the Board approved a framework for Director's payments including fees, bonuses for additional services in excess of regular duties as directors and for serving as committee members and / or as a committee chairperson ("Director Service Fees"). Any Executive Board member and certain other Board members are not eligible to receive committee and additional services fees, in accordance with the scheme adopted by the Board.

In accordance with the F no remuneration is payable to the Board members for regular duties as the Company incurred losses in the year ended 31 December 2019.

Board approved fees for committee memberships and additional services are set out below:

Committee membership annual fees (excluding IC)	AED 55,095
Committee Chairman annual fee (excluding IC)	AED 91,825
Fees for additional services in excess of regular duties as a Director	Determined on a case-by case basis and in any event no more than AED 128,573 per annum

Under the scheme adopted by the Board, Mukesh Sodani, Mohammed Almulla and Malek Al Malek were ineligible to receive remuneration whilst the remaining members were eligible, pro-rata from the date of appointment. Abdul Wahab Al-Halabi chose to waive his Director Service Fees remuneration for the first six months of 2019.

A proposal for the framework for Director Service Fees(based on the existing board approved framework since November 2017) will be presented at the Annual General Assembly of the Shareholders for implementation in 2020.

The following Director Service Fees have been paid to the Directors for the period 1 January 2019 until 31 December 2019:

		Allowances for attending Board Committees		
Name	Fees paid for additional work performed by Board members in relation to their Director's duties (AED)	Name of Committee	Allowance amount (AED)	Number of meetings attended
Abdul Wahab Al-Halabi	None	IC (from 13 November 2019)	–	IC – 4
Mukesh Sodani	None	AC, NRC, IC (from 13 November 2019)	–	AC – 5, NRC – 2, IC – 4
Mohamed Almulla	None	IC (from 13 November 2019)	–	IC – 3
Amina Taher	63,749	NRC	91,825	NRC – 2
Shravan Shroff	63,749	AC, NRC	146,920	AC – 5, NRC – 2
Malek Al Malek	None	AC	–	AC – 5
Boutros Maroun Boutros*	27,120	n/a	n/a	n/a

* Fees for Boutros Maroun Boutros were paid pro-rata for the period 15 April 2019 to 31 December 2019
Fees to the Direcotrs are paid in US dollars. The conversion rate used for reporting is: 1 USD = AED 3.673

Fees for additional services provided by the Board members in excess of their regular duties for the period from 1 July 2019 to 31 December 2019, as detailed below, were approved by the Board on 12 February 2020. Settlement of amounts outstanding is expected in Q1 2020.

	Amount (AED)
Abdul Wahab Al-Halabi	64,806
Amina Taher	64,806
Shravan Shroff	64,806
Boutros Maroun Boutros	64,806

No bonuses were paid to Directors in either the year ended 31 December 2019 or the year ended 31 December 2018.

D. Meetings and Attendance

The table below indicates the Board meetings that were conducted during the period 1 January 2019 to 31 December 2019 including attendance:

	Dates of Board Meetings						
Board Member	6 Feb 2019	27 Mar 2019	13 May 2019	7 Aug 2019	3 Oct 2019	13 Nov 2019	11 Dec 2019
Abdul Wahab Al-Halabi	✓	✓	✓	✓	✓	✓	✓
Mukesh Sodani	✓	✓	✓	×	✓	✓	✓
Mohamed Almulla	✓	✓	✓	✓	✓	✓	✓
Amina Taher	✓	✓	✓	✓	✓	✓	✓
Shravan Shroff	✓	✓	✓	✓	✓	✓	✓
Malek Al Malek	✓	✓	✓	✓	✓	✓	✓
Boutros Maroun Boutros	n/a	n/a	✓	×	✓	✓	✓

E. 2019 Board Resolutions

Meeting Dates	Number of Resolutions
6 February 2019	25
27 March 2019	48
13 May 2019	35
7 August 2019	53
3 October 2019	23
13 November 2019	43
11 December 2019	25

F. Tasks and Functions Delegated by the Board to Executive Management and Other Representatives

The authorities reserved to and exercised by the Board comply with the provisions of the Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies (the "Governance Rules").

The Board is responsible for exercising these authorities and carrying out these functions but may delegate these in writing to a Board Committee or to Executive Management, provided that these delegations are set out in writing.

The powers reserved to the Board are set out in the Board Charter.

During 2019, the Board delegated these reserved duties and functions to the Executive Management of the Company, by the relevant resolutions passed at the scheduled Board Meetings and additionally by circular resolutions over the course of the year.

Key authorities other than those reserved to the Board have been delegated by the Board to the Chief Executive Officer of the Company as set out in the Board Delegation of Authority.

The Chief Executive Officer thereafter has the power to sub-delegate such authorities in accordance with Company policies and procedures. Approval responsibilities have primarily been sub-delegated to senior management, being Chief Officers, General Managers, and Vice Presidents, as well as Directors and Heads.

The following powers of attorneys have been issued during 2019:

No.	Name of Person Authorised to Delegate Duties and Power	Name of Person or Company Receiving Power of Attorney	Nature of Power of Attorney	Power of Attorney End Date
1	Ahmad Hussain Ali Essa –General Manager SF Dubai LLC	Al Tamimi & Company	Legal	ongoing
2	Edward Sunna	Saad Muhammad Al Hammadi Sherif Samy Ayad Guiruis	Legal	ongoing
3	Ahmad Hussain Ali Essa – General Manager for: Bollywood Parks™ Dubai LLC Dubai Parks™ and Resorts Destination Management LLC DXB Project & Management Services LLC LL Dubai Theme Park LLC MOTIONGATE™ Dubai LLC River Park LLC SF Dubai LLC BWP Operations LLC DO Trips LLC LL Dubai Operations LLC MOTIONGATE™ Dubai Operations LLC Ahmad Hussain Ali Essa – Chairman of Dubai Parks Hotel LLC.	Saad Muhammad Al Hammadi Sherif Samy Ayad Guiruis	Legal	ongoing
4	Ahmad Hussain Ali Essa – Chairman of Dubai Parks™ Hotel LLC	Andreas Plum – General Manager of Lapita Hotel	Operational Activities	upon departure as the General Manager of the company
5	Edward Sunna	Omar Mohammed Bakri Qushair	Legal	ongoing
6	Mohamed Sulaiman Abdulaziz Almulla – Chief Executive Officer	Dr. Ali Ismael Al Jerman Osama Hassan Dalmok Jassim Al-Suwaidi Mariam Abdulla Al-Nuaimi Abdulla Musabah Al-Muhairi	Legal	ongoing

G. Related Parties Transactions

The Company enters into transactions with companies and entities that fall within the definition of related parties as defined in the Governance Rules and as contained in International Accounting Standard 24 Related Party Disclosures. The transactions involving related parties are governed by the Company's Related Party Transactions Policy ("RPT Policy"). The RPT Policy specifies the disclosures required by the Board, the Executive Management and the relevant approvals required prior to entering into a related party transaction.

The related party transactions provisions of the Company's RPT Policy apply to all Directors, executive management and significant shareholders, and any persons or entities related to them. Transactions with related parties are based on terms and conditions approved by the Company's Board of Directors. At the beginning of each fiscal year, members of the Board disclose their position in other companies.

The Board is required to review and approve all related party transactions, but it pre-approves certain types of related party transactions and delegates the authority to the Audit Committee for related party transactions below certain thresholds. Additionally, the Board and General Assembly both must approve any related party transactions which exceed five percent of the Company's issued share capital.

The Company has entered into a number of related party transactions in the period 1 January 2019 to 31 December 2019. The table below includes all such transactions:

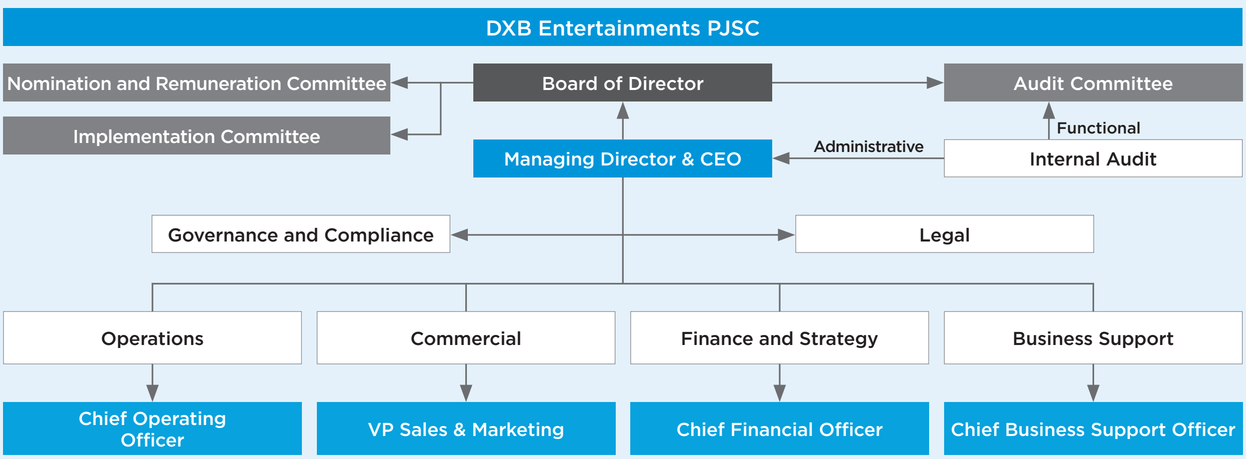
Transactions with Related Parties

Related party	Relationship	Nature of transaction	Amount (AED)
Meraas Leisure and Entertainment LLC	Parent	Operational management services	(1,370,251)
		Third party phase 1 Contractor liability	(57,128,431)
Meraas F&B Concepts LLC	Parent's affiliate	Lease rental charges and other services	3,009,848
Meraas Entertainment Destination LLC	Parent's affiliate	Other services	(56,643)
Legoland™ Hotel LLC	Joint venture	Project management services	(6,475,012)
North 25 Project Management LLC	Parent's affiliate	Project management services	1,665,446
Meraas Holding LLC	Parent	Non-recourse grant	3,333,332
Rove Hospitality	Joint venture of parent Group	Sales of theme park tickets	961,103

Note: Positive numbers represent receivables and negative numbers represent payables.

H. Company's Organisation Structure

Management structure as at 31 December 2019:



I. Executive Management Compensation

No.	Position	Date of appointment	Date of departure	Total salaries and allowances paid in 2019	Total bonuses paid in 2019	Any other bonuses cash/in kind for 2019 or payable in the future
1	Chief Executive Officer	31 May 17	n/a	2,603,067	700,000	1,158,000**
2	Chief Operating Officer	14 Aug 17	n/a	1,960,949	-	800,000**
3	Chief Financial Officer	14 Jun 17	n/a	1,645,229	400,000	800,000**
4	Chief Business Support Officer*	28 Sept 14*	n/a	1,732,291	-	800,000**
5	Chief Commercial Officer	01 Oct 17	8 Aug 19	926,535	-	118,146***
6	Chief Retail and Hospitality Officer	14 Jun 17	8 Aug 19	1,054,199	-	89,780***
7	VP Sales and Marketing	7 Apr 19	3 Feb 20	654,322	-	241,063***

* Joined prior to the establishment of the Company, therefore date of appointment is the same date as the establishment of the Company
** Pay-out linked to retention criteria
***End of service pay-outs

4. External Auditor

A. Overview

PricewaterhouseCoopers ("PwC") is a multinational professional services network of firms operating as partnerships under the PwC brand. PwC ranks as one of the largest professional services firm network in the world and is considered one of the Big Four accounting firms.

PwC were appointed as external auditors of DXB Entertainments PJSC on 24 April 2019 replacing Deloitte & Touche (M.E.).

B. Fees and Expenses

Name of the audit firm	PricewaterhouseCoopers
The period served as an external auditor of the Company.	24 April 2019 – 31 December 2019
Total fees for auditing the financial statements for 2019 (AED)	DXB Entertainments PJSC ("DXBE") Consolidated Financial Statement: AED 130,000*
Special service fees and expenses, other than auditing the financial statements for 2019 (AED), if any, and if not it shall be clearly stated	• Year-end audit of subsidiaries of the Company: AED 675,000* • DXBE interim review: AED 110,000* • Additional scope of year-end audit: n/a
Details of other services provided (if any) and if not, it shall be clearly stated	• Audit of financial statements of Subsidiaries of DXBE. • Interim review of financial statement of DXBE • Additional scope for year-end audit
Statement of other services provided by an external auditor, other that the Company external auditor in 2019, if and if not it shall be clearly stated.	• DXBE also engaged EY and KPMG to provide advisory services during 2019 for the following: - Internal audit services - Other advisory services

* Audit fees quoted are exclusive of VAT and out-of-pocket expenses (e.g. travel, transportation, communication, printing and supplies, etc.)

C. Statement of the Qualified Opinions Made by the External Auditor in the Interim and Annual Financial Statements for 2019

There were no qualified opinions made by the external auditor in the interim and annual financial statements for 2019.

5. Audit Committee

A. Members and Responsibilities

In accordance with the requirements of the Governance Rules, the Board has established the AC. The AC is composed of three (3) non-executive directors of which two (2) are independent directors. The Chairman of the AC is an independent director. All the AC members are well versed in financial and accounting matters.

Table of Audit Committee Members AC Member	Designation	Date of appointment	Designated Financial Expert
Shravan Shroff	Chairman (independent) *(Chairman from 13 Aug 2018 – Current)*	13 Dec 2017	
Mukesh Sodani	Member	13 Dec 2017	Yes
Malek Al Malek	Member (independent)	08 Aug 2018	

The Charter governing the AC has been approved by the Board. Key responsibilities of the AC are outlined below:

- Make recommendations to the Board to be put to the shareholders with respect to the appointment of an external auditor;
- Review the remuneration and terms of engagement of the external auditor, and report to the Board with recommendations regarding the re-appointment or removal of the external auditor;
- Review the independence and objectivity of the external auditor on an annual basis;
- Review the nature, scope, efficiency and adherence to approved audit standards of the Company's audit plan and system of internal accounting controls with the external auditors;
- Review the findings of the audit with the external auditor, including, but not limited to, the effectiveness of the audit, errors identified during the audit, accounting and audit judgments and identification of significant issues arising during the audit;
- Review and oversee the integrity of the Company's financial statements, including the annual, semi-annual and quarterly reports, interim management statements, significant financial reports to regulators and any other formal announcements relating to its financial performance before their submission to the Board;

- Review the sufficiency and effectiveness of the Company's internal financial control, internal control and risk management systems and ensure the adequacy of these systems through independent review of operational processes;
- Review and approve the internal audit plan on an annual basis as well as the risk assessment assumptions forming the basis of the audit plan;
- Review all audit reports submitted to the AC and monitor management's responsiveness to the findings and recommendations;
- Review and approve the organisational structure and budget of the internal control function;
- Ensure the internal control function has adequate standing and is free from management or other restrictions;
- Ensure coordination between the external auditor and internal control;
- Review on an annual basis the adequacy of the Company's internal whistleblowing policies and procedures to ensure that these arrangements allow proportionate and independent investigation and appropriate follow-up action;
- Make investigations and consider the findings of investigations into internal control issues assigned to it by the Board or at the independent initiative of the AC upon the approval of the Board;
- Oversee compliance with the Directors' Code of Conduct; and
- Approving the appointment, dismissal and oversight of the functional head of internal control and compliance officer as delegated by the Board.

B. Meetings and attendance

The table below indicates the AC meetings that were conducted in 2019 including attendance:

	Dates of AC meetings				
AC Member	**14 Jan 2019**	**25 Mar 2019**	**09 May 2019**	**05 Aug 2019**	**11 Nov 2019**
Shravan Shroff	✓	✓	✓	✓	✓
Mukesh Sodani	✓	✓	✓	✓	✓
Malek Al Malek	✓	✓	✓	✓	✓

C. Statement of Compliance

The Chairman of the Audit Committee, Shravan Shroff, acknowledges his responsibility for the regular review of the operation and effectiveness of the Audit Committee to ensure its effective operation as part of the Company's control framework and in line with the Audit Committee Charter described above.

Shravan Shroff
Chairman of the Audit Committee

6. Nomination and Remuneration Committee

A. Members and responsibilities

In accordance with the requirements of the Governance Rules, the Board has established the NRC.

The NRC is composed of three (3) non-executive directors of which two (2) are independent directors. The Chairman of the NRC is an independent director.

On 13 December 2017 Amina Taher was appointed Chairman of the Nomination and Remuneration Committee. Shravan Shroff and Mukesh Sodani were appointed by the Board as Nomination and Remuneration Committee members on 13 December 2017 and 08 August 2018 respectively.

The Charter governing the NRC has been approved by the Board. Key responsibilities of the NRC are outlined below:

- Providing advice in relation to the remuneration packages of the senior executive management of the Company, non-executive directors and executive directors, and another employee benefit programmes;
- Reviewing the Company's nomination, retention and termination policies;
- Reviewing succession plans of the executive management of the Company and its executive directors;
- Recommending individuals for nomination as members of the Board and its committees and encouraging female nominees;
- Ensuring that the performance of the executive management of the Company and members of the Board are reviewed at least once annually; and
- Any other matters as requested by the Board.

B. Meetings and attendance

The table below indicates the NRC meetings that were conducted in 2019 including the attendance of its members:

	Dates of NRC meetings	
NRC Member	06 Feb 2019	21 Mar 2019
Amina Taher	✓	✓
Shravan Shroff	✓	✓
Mukesh Sodani	✓	×

Mukesh Sodani was not present at the meeting held on 21 March 2019 due to urgent business commitments.

C. Statement of Compliance

The Chairman of the Nomination and Remuneration Committee, Amina Taher, acknowledges her responsibility for the regular review of the operation and effectiveness of Nomination and Remuneration Committee to ensure its effective operation as part of the Company's control framework and in line with the Nomination and Remuneration Committee Charter described above.

Amina Taher
Chairman of the Nomination and Remuneration Committee

7. Insider and Disclosure Committee

A. Members and responsibilities

The Board has constituted the Insider and Disclosure Committee (IDC) in compliance with the requirements of the Governance Rules. The IDC consists of the following members at 31 December 2019:

- Chairman – Tessa Lee, Company Secretary
- Member – Waseem Hassan, Chief Business Support Officer
- Member – Oluwatola Longe, Director, Governance and Compliance
- Member – Abdulrahman Al Suwaidi, Senior Manager, Investor Relations

The key responsibilities of the IDC are:

- To review and make recommendations to the Board with respect to approval and implementation of Company policies and procedures with respect to the trading of Board members and employees in the securities issued by the Company or its parent Company, subsidiaries, or its sister companies, including but not limited to, insider and share dealing policies and procedures;
- To prepare and maintain a comprehensive register of all insiders;
- To determine and implement the processes for acknowledgments and disclosures by employees and external parties who may be insiders;
- To manage and supervise insiders' trading and holdings, including review and determination of share dealing requests and disclosures;
- To recommend disciplinary action against employees to HR, due to non-compliance with the share dealing policy;
- To ensure that the Company is compliant with all rules for disclosure and transparency; and
- To report annually to the AC and the Board on compliance with the policy and regulatory requirements.

B. Work performed in 2019

Below is a summary of the work performed/ reviewed by the IDC during 2019:

- Ongoing reviews of criteria for and identification of employee insiders and external/ third-party insiders;
- Processes/procedures for insider lists, for communication to employees and third parties of their insider status and its implications, to obtain information from employees with respect to shareholdings, notifying employees of blackout periods;
- Share dealing policy of the Company
- Employee declarations, notices and acknowledgment forms;
- Changes to reporting requirements and interpretation of the regulatory requirements around share dealing by directors and executive management;
- Role of IDC with respect to review and determination of matters for disclosure and establishing criteria for reviewing the same.

During 2019, employee requests for share dealing could be referred to the Company Secretary for review and determination.

C. Statement of Compliance

The Chairman of the Insider and Disclosure Committee, Tessa Lee, acknowledges her responsibility for the review of the operation and effectiveness of Insider and Disclosure Committee to ensure its effective operation as part of the Company's control framework and in line with the Insider and Disclosure Committee Charter above.

Tessa Lee
Chairman of the Insider and Disclosure Committee

8. Implementation Committee

A. Members and responsibilities

The Board has authorized the formation of the Implementation Committee (IC) in November 2019, as required under Article 5 of notice 32/RM of 2019 issued by the Chairman of the Emirates Securities and Commodities Authority (SCA)

The IC consists of the following members as at 31 December 2019:

- Chairman – Abdulwahab Al-Halabi, Independent Director
- Member – Mukesh Sodani, Non-Executive Director
- Member – Mohamed Almulla, CEO and Executive Director

The purpose of the Committee is to assist the Board by:

- Acting in relation to the DFM and SCA disclosure requirements concerning listed companies with accumulated losses exceeding 50% of share capital (the "Resolution");

- Adhering to the specific additional financial disclosure requirements in the Resolution;
- Overseeing the mechanisms, the Company wishes to implement to remedy current financial losses;
- Assisting with the development of an accumulated losses addressing plan within 30 days of additional disclosure requirements, to remedy the financial loss within the Company;
- Communicating the above requirements to SCA or DFM as required;
- Adhering to the prescribed "Action Plan Model", as set out in the Resolution.

B. Meetings and attendance

	Dates of Implementation Committee meetings			
Implementation Committee Member	28 Nov 2019	5 Dec 2019	12 Dec 2019	19 Dec 2019
Abdulwahab Al-Halabi	✓	✓	✓	✓
Mukesh Sodani	✓	✓	✓	✓
Mohamed Almulla	✓	×	✓	✓

C. Statement of Compliance

The Chairman of the Implementation Committee acknowledges his responsibility for the regular review of the operation and effectiveness of the committee to ensure its effective operation as part of the Company's control framework and in line with the Charter described above.

Abdulwahab Al-Halabi
Chairman of the Implementation Committee

9. Internal Control System

A. Responsibility and Framework

The Board acknowledges that it is ultimately responsible for establishing the Company's internal control and for the application, review of the functioning and effectiveness of the Company's internal control system. The internal control system framework of the Company consists of the following:

- The Board has constituted the AC to assist in monitoring the internal control system and updating the Board on the effectiveness of internal control in the Company. The AC also has oversight of the Company's internal control department functionally and ensures that the resources provided to the Company's internal control department are adequate;
- The Internal Control Department has been established and reports to the Board and the Audit Committee on the design and operating effectiveness of the internal control system. The department achieves this objective through a system of internal audits and compliance reviews. The results of the work performed are reported to the AC on a quarterly basis. The department adheres to the relevant professional standards including that of the Institute of Internal Auditors ('IIA'). The Department is headed by the Director – Internal Control.
- The risk function established a formal risk management process to ensure that the company's assets are safeguarded. The Company has a comprehensive risk management framework which consists of the risk management charter, enterprise risk management policy, identified key risk and periodic updates to its risk register. Operational risk registers have been developed for each of the functions across the Company, with consolidated risks being formally reported to the AC.
- The role of the Compliance Officer has been established to ensure compliance with the requirements of the Governance Rules. The Compliance Officer verifies compliance by the Company and its employees with the applicable laws, regulations, resolutions and bylaws;
- Governance and Compliance ('G&C') department is a management function responsible for developing the corporate governance structures, policies, and monitors compliance with laws and regulations. The G&C Department ultimately reports to the CEO;
- The executive management has constituted various management committees to ensure that appropriate review has been conducted by all the relevant stakeholders prior to key decisions being approved. In this respect, the Board of Directors has approved a Delegation of Authority ('DoA') to the executive management;
- The Company has additionally formalised policies relating to corporate governance, share dealing and whistleblowing; and
- The Executive Management of the Company acknowledges its roles and responsibilities with respect to the internal control systems of the Company and has appropriately established internal controls for operations of the Company and specifically over financial reporting.

The Board has conducted a review of the internal control system of the Company and its subsidiaries, its efficiency, the reporting by the Board Committees to the Board, and the risk management procedures as a part of its meetings during the period 1 January 2019 to 31 December 2019.

B. Director – Internal Control

The Internal Control Department reports to Hesham Shawa, Director – Internal Audit. Hesham was appointed on 7th May 2018 and brings over 20 years of experience in internal audit, risk management, corporate governance, and compliance. He holds a Bachelor's degree in Accounting, is a CPA and member of the Institute of Internal Auditors.

C. Compliance Officer

Oluwatola Longe was appointed as the Compliance Officer of the Company during the Audit Committee meeting held on 11 November 2019. He holds a bachelor's degree in Law and European Business and masters degrees in International Commercial Law and Corporate Governance. Tola is also a qualified Company Secretary.

D. Dealing with Issues, or those Issues that are Disclosed in the Annual Reports and Accounts

The Internal Control Department, as a part of its mandate, reviews the design and operating effectiveness of the internal controls and provides independent assurance through a system of internal audits and compliance reviews. Any weaknesses identified during the audits and reviews are reported to the AC on a quarterly basis together with the appropriate resolution mechanisms that are agreed with the executive management.

In the case of any specific problem identified or reported in the annual reports and accounts, the Internal Control Department notifies the AC. Depending on the nature of the problem, the Internal Control Department liaises with the relevant stakeholders through various mechanisms as defined in the corporate governance manual and mandates of the various management committees. The results of the review performed and the recommendations are submitted to the AC and notified to the executive management and/or other stakeholders, as appropriate. The AC notifies the problems and/or the resolution to the Board, as determined on a case-to-case basis.

For the period 1 January 2019 to 31 December 2019, there were no significant design deficiencies or operating ineffectiveness which had a material impact on the annual financial statements reported to the AC or the Board arising from the internal control reviews.

E. Internal Control Reports

Internal Control has issued a total of 24 Internal Audit reports. A quarterly summary report is presented to the Audit Committee highlighting the status update of the audit plan and the key Internal Audit observations.

10. Violations

The Board confirms that there have been no material regulatory violations committed during the period 1 January 2019 to 31 December 2019, to the best of its knowledge.

11. Contributions for Local Community Development and Environmental Protection

The Company confirms that no cash contributions were made during 2019. The Company is committed to Corporate Social Responsibility ('CSR') and its commitment to sustainability initiatives, thereby contributing to UAE's development.

The Company won the Dubai Chamber of Commerce and Industry CSR Label Award for the second year in a row for its social responsibility and sustainability efforts. The Dubai Chamber CSR Label Award is the highest level of recognition for CSR in the region.

In 2019, the Company undertook the following initiatives:

A. Employee welfare programmes

The Company believes in creating an inclusive environment for its employees and promoting a positive work culture and engaging environment.

The flagship 'GEMBA' programme held various events throughout the year with the overall aim to educate the Company's multicultural workforce about UAE culture and traditions as well as improving their general well-being.

During the year the Company celebrated and educated its employees through several events such as the UAE Flag Day, National Day and Commemoration Day as well as spreading awareness of and understanding about the holy month of Ramadan.

To drive employee wellbeing and encourage a healthy balanced lifestyle, Company employees have participated in the Dubai Fitness Challenge 30 x 30, held health screening sessions, delivered breast cancer awareness sessions and held mindfulness seminars.

To enhance communication across the organisation the Company also hosts regular townhalls and meet-and-greets with the CEO and other senior members of the management team aimed at increasing transparency and providing a forum for employees to interact with senior management.

B. Health, Safety and Environment

The Company is committed to protecting the environment and the health and safety of colleagues, visitors and vendors. People and safety are two of the corporate values that form the basis of the Company's Health Safety and Environment ('HSE') management system, and the HSE culture. The Company is committed to providing a safe and healthy workplace for colleagues and to protect the environment by preventing pollution and minimising the environmental impact of operations.

The Company seeks to manage and operate its facilities to maximise safety, promote energy efficiency and to protect the environment by meeting or exceeding all applicable environmental, health and safety requirements as stated by the law. During the year ended 31 December 2019 we are happy to report that no major safety incidents took place from the operations of the Dubai Parks™ and Resorts destination.

The Company is also committed to protecting the natural environment in which it operates. To achieve this aim, an environmental management system has been developed that ensures that any activities which have an effect on the environment are controlled and aligned to local and federal legislation. To monitor our environmental performance, three key goals have been established:

- Reduce waste to landfill;
- Reduce electricity consumption; and
- Reduce water use.

Each of these environmental goals has supporting programmes which are tracked on a regular basis and include activities such as a recycling scheme in all offices and a water usage minimisation program.

An extensive environmental program has been rolled out to protect the surrounding environment, including recycling to divert waste from landfills, efficient water management and actively working to reduce office energy and water consumption.

There is also an onsite treated sewage effluent ("TSE") recycling plant at the destination that provides the resort with about 30 percent of its TSE requirements. The Company will continue to set challenging targets and measure progress to ensure continuous improvement in our HSE performance and continue to train and instruct employees to ensure they are aware of their responsibilities and have the knowledge and experience to carry them out.

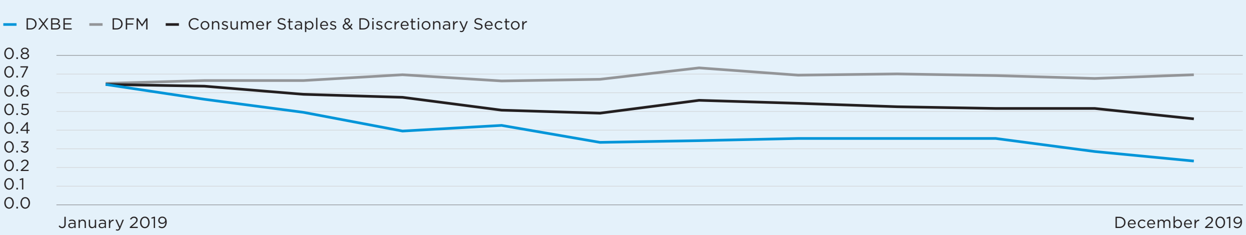
12. General Information

A. Company's Share Price

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Closing Price	0.27	0.26	0.25	0.23	0.20	0.19	0.23	0.22	0.21	0.21	0.21	0.18
Highest Price	0.27	0.27	0.27	0.27	0.24	0.21	0.23	0.24	0.23	0.23	0.21	0.22
Lowest Price	0.23	0.24	0.24	0.23	0.17	0.18	0.19	0.21	0.20	0.20	0.19	0.17

B. Comparative Performance Statement

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DXBE	0.27	0.26	0.25	0.23	0.20	0.19	0.23	0.22	0.21	0.21	0.21	0.18
% change	–	-3.70%	-3.85%	-8.00%	-13.04%	-5.00%	21.05%	-4.35%	-4.55%	0.00%	0.00%	-14.29%
DFM Index	2,567.59	2,635.78	2,634.86	2,767.10	2,620.33	2,658.63	2,918.38	2,758.60	2,781.07	2,746.93	2,678.70	2,764.86
% change	–	2.66%	-0.03%	5.02%	-5.30%	1.46%	9.77%	-5.47%	0.81%	-1.23%	-2.48%	3.22%
CSD	158.03	155.96	144.89	140.75	123.18	119.57	136.62	132.48	128.35	125.77	125.77	111.82
% change	–	-1.31%	-7.10%	-2.86%	-12.48%	-2.93%	14.26%	-3.03%	-3.12%	-2.01%	0.00%	-11.09%



C. Distribution of Shareholder's Equity as at 31 December 2019

	Number of shares owned					
	Individuals	Companies	Bank	Institution (Sole Property)	Government	Total
Local	985,691,889	4,636,481,606	34,665,085	13,354,000	-	5,670,192,580
GCC	55,573,259	1,382,451,187	612,211	-	-	1,438,636,657
Foreign	548,150,424	323,841,249	19,091,760	-	-	891,083,433
Total	1,589,415,572	6,342,774,042	54,369,056	13,354,000	-	7,999,912,670

D. Shareholders Owning 5 Percent or more of the Company Capital as at 31 December 2019

S/N	Name	Number of shares held	Percentage of shares owned in the company capital
1	Meraas Leisure and Entertainment LLC and associated group	4,183,399,030	52.29%
2	Qatar Holding	878,314,541	10.98%
3	Kuwait Investment Authority	405,943,887	5.07%

E. Shareholder Distribution Based on Size of Ownership as at 31 December 2019

S/N	Share ownership (shares)	Number of shareholders	Number of shares owned	Percentage of shares owned in the capital %
1	Less than 50,000	1,882	27,939,555	0.349
2	From 50,000 to less than 500,000	1,549	270,428,660	3.380
3	From 500,000 to less than 5,000,000	619	828,714,578	10.359
4	More than 5,000,000	90	6,872,829,877	85.911

F. Investor Relations

The Company is committed to a transparent and timely communication policy with its shareholders and wider investment community and has a dedicated Investor Relations department that reports into the Chief Financial Officer.

The Investor Relations department is responsible for handling all shareholder communication, ensuring timely disclosure of financial updates and material developments to the regulator, the market and its shareholders.

The department is also responsible for handling shareholder queries in a timely manner and to maintain the Investor Relations section of the Company website to ensure it is regularly updated to deliver timely and accurate disclosures.

During 2019, the Investor Relations department attended regional conferences as well as hosted regular shareholder and analyst calls.

Investor Relations Officer details are as below:

Name: Abdulrahman Al Suwaidi

Position: Senior Manager Investor Relations

Email: IR@dxbe.ae

Phone: +971 4 820 0820

Website: www.dxbentertainments.com/investor-relations

G. Special Resolutions

The Annual General Assembly meeting of the Company was held on Wednesday, 24 April 2019 at which the following special resolutions were passed:

1. Approved the continuity of the Company's operations according to article (302) of the UAE Federal Law No (2) of 2015 concerning Commercial Companies ("Companies Law").
2. Noted that proceeding with the development and establishment of the Six Flags Theme Park is not in the best interest of the Company or its shareholders, hence resolved not to continue with the Six Flags project and resolved to instruct the Board of Directors to take all actions required to implement and perfect the shareholders' resolution not to continue the establishment or development of the Six Flags Theme Park project.
3. Approved the reutilization of any remaining proceeds raised pursuant to the Rights Issue in view of the presentation of the Board of Directors.
4. Approved the Board of Directors' plan to direct the available proceeds of the Rights Issue to maximize shareholders' value by enhancing the existing theme parks of MOTIONGATE™ Dubai and Bollywood Parks™ Dubai.
5. Approved delegating to the Board of Directors of the Company the power to make all decisions and perform all actions as may be necessary to implement and execute the General Assembly resolutions, in respect of the resolution regarding the reutilization of the proceeds of the Rights Issue, and for the Board of Directors to delegate the same as it sees fit.

H. Company Secretary

Tessa Lee was re-appointed as Board Secretary on 25 October 2017 and retains her position as Secretary of the Company at 31 December 2019.

Statement of duties:

- Maintain all statutory Company registers;
- Assist the Chairperson with the organization and running of the Board meetings;
- Prepare and review notices and agendas for Board meetings and circulating Board resolutions;
- Prepare, submit to the Board for approval and execution of minutes of Board meetings;
- Prepare minutes of General Assemblies and ensure execution;
- Approve and sign disclosures to the Authority and the Dubai Financial Market (the Market), as required;
- Ensure that new Directors are properly inducted and introduced to the business of the Company and arrange appropriate training for Directors;
- Manage communications with the Board to ensure that Directors receive all information which is necessary for the proper performance of their duties on a timely basis and ensure that such information is current, accurate, and relevant;

- Assist with the review (where relevant) of the Company's Corporate Governance Reports and the Annual Reports;
- Act as liaison between the Company and the Authority and the Market with respect to disclosures and queries;
- Review (as and when required by the Board DOA) of policies and procedures, Board and its Committee charters to be approved by the Board;
- Ensure compliance with the Board Charter;
- Ensure that the Board and its Committees act in accordance with all applicable laws, policies, procedures and standards;
- Provide advice and services to all Directors and its Committees, as required;
- Such other responsibilities and authorities as delegated in the Board DOA.

I. Material Events

January '19
Paul Parker appointed as Chief Commercial Officer.

February '19
Formal notification by Six Flags, resulted in funders' concerns being raised specifically in relation to the revised projections for the Six Flags Dubai Project. As a result, the syndicated finance facility intended for utilization as part of the development of the Six Flags branded theme park was no longer available, and the Six Flags Dubai project could not proceed in its current form at that time.

March '19
In celebration of International Women's Day, on 8 March 2019, Dubai Parks and Resorts held its first "ladies' free day out" which attracted more than 53,000 visits to the parks, setting a record for daily visitation.

April '19
Mr. Boutros Maroun Boutros appointed as an Independent Director to the Board.

Shareholders approved expansion plan for MOTIONGATE™ Dubai and Bollywood Parks™ Dubai, utilizing rides and proceeds originally intended for the Six Flags Dubai Project.

June '19
On June 16th, 2019 Rove at The Park Hotel became the second hotel to open its doors at Dubai Parks and Resorts.

July '19
The Company entered into a license and settlement agreement with Six Flags.

Filipino National Day celebration delivers record weekend visitation of over 92,000 visits.

August '19
The board approved development of an efficiency program, including identification and implementation of cost saving initiatives, in line with the Company's strategy.

The Company decided to focus on its core asset – Dubai Parks and Resorts and as part of this realignment, reached an agreement with its majority shareholder Meraas to discontinue the management of its portfolio of Leisure and Entertainments assets.

Resignation of Paul Parker as Chief Commercial Officer.

September '19
In line with UAE's Emiratisation vision, Meraas Group, a shareholder of the Company, decided to bear the ongoing cost of reducing the salaries and benefits of UAE Nationals, to ensure their ongoing welfare and providing them with sustainable jobs.

MOTIONGATE™ Dubai won the best theme park in the UAE award at the Time-out Awards.

October '19
New pricing and international distribution strategy implemented

December '19
Rami Mashini appointed as Vice President, Sales and Marketing

J. Emiratisation

As at 31 December 2019, DXBE employed 1,363 employees, of which 82 are UAE nationals, comprising six percent of DXBE's staff. Close to 40% percent of the senior executive management team is composed of UAE Nationals, including the CEO and COO.

UAE national entity-wise	Total
DXBE Hospitality	3
DXBE Corporate	22
DXBE Theme Park	57
Total UAE nationals	82
UAE national percentage	6%

The Emiratisation percentage in 2019 is 6% (2018: 7%, 2017: 7%)

Abdul Wahab Al-Halabi
Chairman of the Board of Directors

Shravan Shroff
Chairman of the Audit Committee

Amina Taher
Chairman of the Nomination and Remuneration Committee

Hesham Shawa
Director of Internal Control

DXB Entertainments PJSC
Date: 23 March 2020

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Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of DXB Entertainments PJSC (the "Company") and its subsidiaries (together 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.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	• Carrying value of property and equipment • Management's assessment of preparation of the consolidated financial statements on a going concern basis

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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 matter	How our audit addressed the Key audit matter
Carrying value of property and equipment	
The Group has AED 8.2 billion of property and equipment and is the most significant balance in the consolidated statement of financial position of the Group as at 31 December 2019. The Group performed an impairment assessment of property and equipment as at 31 December 2019 to determine the recoverable amount, being the higher of fair value less costs to sell and value in use. In the impairment assessment, the operating assets (comprising the four theme parks, hotel and retail properties) of AED 7.4 billion within the property and equipment, are all considered as one cash generating unit ("CGU") for which recoverable amount has been determined internally by management using a value in use approach. We considered this to be a key audit matter as the evaluation of the recoverable amount of the CGU requires significant estimation and critical management judgement in determining the key assumptions that support the expected future cash flows of the business and the utilisation of these assets. The key assumptions include expected visitation, admission revenues per visit and occupancy and average daily rates of the hotel. Based on the impairment assessment performed, no impairment loss has been recognised for these assets as at 31 December 2019 with the recoverable amount of the CGU being AED 805 million higher than the carrying amount. Should the Group not meet the targets as envisaged in the business plan, this would give rise to a reduction in the available headroom and possibly an impairment. A sensitivity analysis has been performed and disclosed with the resultant impact on the headroom within note 6 to the consolidated financial statements. Refer to notes 4 and 6 to the consolidated financial statements.	We obtained the impairment assessment carried out by management that was prepared on the basis of the Board approved business plan and carried out the following substantive audit procedures: • Evaluated whether the methodology used by management to calculate the recoverable amount for the CGU complies with IAS 36, 'Impairment of assets'; • Assessed the appropriateness of the identification of the CGU at which the impairment assessment has been performed; • Tested the mathematical accuracy of the calculations included within management's impairment assessment; • Obtained and analysed the underlying assumptions used within the impairment assessment to determine whether these are reasonable; • Engaged our internal valuation experts to assess certain underlying assumptions used by management in estimating future cash flows to determine whether these are reasonable and supportable; • Analysed the discount and long-term growth rates used for reasonableness; • Performed sensitivity analysis around the key assumptions used by management to assess the potential impact on the recoverable amount of the CGU; and • Assessed the adequacy of the disclosures in notes 4 and 6 to the consolidated financial statements.

Key audit matters continued

Key audit matter	How the matter was addressed
Management's assessment of the preparation of the consolidated financial statements on a going concern basis	
As disclosed in note 3, the Group had incurred negative operating cash flows of AED 104 million. Further as disclosed in note 16, the Group has significant outstanding term loan facilities of AED 4,158 million with associated financial covenants, for which the principal repayments and covenants testing will re-commence in March 2021 once the 3-year moratorium period ends. In light of these conditions, management has assessed the appropriateness of preparing the consolidated financial statements on a going concern basis. In assessing the appropriateness of the going concern basis, management and the Directors have considered a 12-month rolling cash flow projection from the date of approval of the consolidated financial statements and advanced discussions involving the Parent Company, with the syndicated term loan financiers and other financial institutions. As a result of the above assessment, which required the use of significant assumptions and judgement, management and the Directors have determined that the use of going concern basis in preparing the consolidated financial statements of the Group is appropriate. We considered this to be a key audit matter as the assessment is subjective and judgemental. Refer to note 3 to the consolidated financial statements.	We carried out the following substantive audit procedures: • Obtained and examined management's detailed cash flow projections for a period of 12 months from the approval of the consolidated financial statements; • Tested the mathematical accuracy of the calculations included within the cash flow projections; • Corroborated the key assumptions used in the cash flow projections such as; projected EBITDA, settlement plan for contractor liabilities and debt service outflows by: - agreeing projected EBITDA with the Board approved business plan; - reviewing the progress report from the project management consultants for the settlement plan for contractor liabilities; and - reviewing the relevant correspondence with financial institutions related to the debt service outflows. • Examined the Group's funding agreements that are in place; • Obtained relevant correspondence with the syndicated term loan financiers and other financial institutions; • Performed a downside sensitivity analysis over the Group's cash flow projections for the going concern assessment period; and • Assessed the adequacy of the Group's disclosures on management's assessment of the basis of preparation on a going concern basis in note 3 to the consolidated financial statements.

Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Corporate Governance Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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, on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

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 International Financial Reporting Standards 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.

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.

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

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

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

We communicate with 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

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

(iii) the Group has maintained proper books of account;

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

(v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased or invested in shares during the year ended 31 December 2019

(vi) note 9 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

(vii) as detailed in Note 3 to the consolidated financial statements, as the accumulated losses of the Group as at 31 December 2019 exceeded 50% of the issued share capital and in accordance with the provisions of Article 302 of UAE Federal Law No. 2 of 2015, the Board of Directors intend to issue an invitation to convene a General Assembly within 30 days of the issuance of these consolidated financial statements to vote on a resolution for the continuation of the Company. Further, 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 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 financial position as at 31 December 2019.

PricewaterhouseCoopers
12 February 2020

Douglas O'Mahony

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

Consolidated Statement of Financial Position

at 31 December 2019

	Notes	2019 AED'000	2018 AED'000 Restated
ASSETS			
Non-current assets			
Property and equipment	6	**8,239,942**	8,599,265
Equity accounted investee	7	**52,926**	53,668
		8,292,868	8,652,933
Current assets			
Due from related parties	9	**20,047**	19,982
Trade and other receivables	10	**100,979**	158,813
Inventories	8	**22,088**	23,242
Derivative financial instruments	11	**6,799**	71,165
Other financial assets	12	**266,130**	729,609
Cash and cash equivalents	13	**933,997**	1,053,001
		1,350,040	2,055,812
Total assets		**9,642,908**	10,708,745
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**7,999,913**	7,999,913
Convertible bond – equity component	15	**65,717**	65,717
Cash flow hedging reserve		**937**	71,165
Accumulated losses		**(5,157,398)**	(4,312,151)
Total equity		**2,909,169**	3,824,644
Liabilities			
Non-current liabilities			
Convertible bond – liability component	15	**1,297,124**	1,189,930
Bank facilities	16	**3,969,717**	3,940,804
Trade and other payables	17	**91,990**	66,000
Lease liabilities	27(b)	**406,394**	483,463
Provisions	18	**45,527**	77,462
		5,810,752	5,757,659
Current liabilities			
Trade and other payables	17	**833,315**	1,081,997
Lease liabilities	27(b)	**26,284**	43,045
Due to related parties	9	**57,526**	1,400
Derivative financial instruments	11	**5,862**	—
		922,987	1,126,442
Total liabilities		**6,733,739**	6,884,101
Total equity and liabilities		**9,642,908**	10,708,745

Abdul Wahab Al-Halabi
Chairman

Mohamed Almulla
Chief Executive Officer and Managing Director

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Revenue	19	**491,198**	540,471
Salaries, depreciation and other expenses	20	**(881,619)**	(1,102,256)
Other direct costs	21	**(45,126)**	(72,672)
Marketing and selling expenses		**(57,837)**	(99,250)
Impairment losses and other related charges	5	**—**	(1,541,738)
Finance costs	22	**(414,018)**	(350,174)
Finance income	23	**49,286**	32,657
Other income – net	24	**4,304**	50,142
Share of loss of equity accounted investee	7	**(742)**	(209)
Loss for the year		**(854,554)**	(2,543,029)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge – (loss)/gain on fair value		**(70,228)**	17,212
Total comprehensive loss for the year		**(924,782)**	(2,525,817)
Loss per share:			
Basic and diluted loss per share (AED)	25	**(0.107)**	(0.318)

Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	26	**(149,075)**	(238,567)

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

	Share Capital AED'000	Convertible bond – equity component AED'000	Cash flow hedging reserve AED'000	Accumulated losses AED'000	Total AED'000
As at 1 January 2018	7,999,913	—	53,953	(1,769,122)	6,284,744
Convertible bond – equity component	—	65,717	—	—	65,717
Loss for the year	—	—	—	(2,543,029)	(2,543,029)
Other comprehensive income for the year	—	—	17,212	—	17,212
Total comprehensive income/(loss) for the year	—	—	17,212	(2,543,029)	(2,525,817)
As at 31 December 2018	7,999,913	65,717	71,165	(4,312,151)	3,824,644
Loss for the year	—	—	—	(854,554)	(854,554)
Other comprehensive loss for the year	—	—	(70,228)	—	(70,228)
Total comprehensive loss for the year	—	—	(70,228)	(854,554)	(924,782)
Transaction with a shareholder (Note 9)	—	—	—	9,307	9,307
As at 31 December 2019	**7,999,913**	**65,717**	**937**	**(5,157,398)**	**2,909,169**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2019

	2019 AED'000	2018 AED'000 Restated
Cash flows from operating activities		
Loss for the year	**(854,554)**	(2,543,029)
Adjustments for:		
Depreciation of property and equipment	**383,489**	473,362
Impairment losses and other related charges	**—**	1,541,738
Finance costs	**414,018**	350,174
Finance income	**(49,286)**	(32,657)
Gain on transfer of land to equity accounted investee	**—**	(17,034)
Impairment of trade receivables – net	**12,002**	11,408
(Reversal)/provision for slow-moving inventory – net	**(759)**	3,293
Provision for employees' end-of-service benefits	**4,605**	3,928
Share of loss of equity accounted investee	**742**	209
Gain on disposal of property and equipment	**(1,140)**	(144)
Operating cash flows before changes in working capital	**(90,883)**	(208,752)
Decrease/(increase) in trade and other receivables	**42,453**	(69,533)
Decrease in inventories	**1,913**	12,247
(Decrease)/increase in trade and other payables, excluding project accruals and retentions payable	**(53,103)**	129,488
Movement in due from/to related parties	**(1,067)**	13,820
Cash used in operating activities	**(100,687)**	(122,730)
Employees› end-of-service benefits paid	**(3,007)**	(2,070)
Net cash used in operating activities	**(103,694)**	(124,800)
Cash flows from investing activities		
Property and equipment, net of project accruals and retentions payable	**(237,071)**	(605,967)
Interest received	**25,586**	28,235
Provision utilisation	**(33,533)**	—
Decrease in other financial assets	**463,479**	129,016
Proceeds from sale of property and equipment	**1,194**	359
Net cash generated/(used in) from investing activities	**219,655**	(448,357)
Cash flows from financing activities		
Payment for finance costs	**(225,890)**	(272,530)
Payment for finance leases	**(9,075)**	(66,246)
Proceeds from issue of convertible bond	**—**	804,800
Proceeds of loan from related parties	**—**	150,000
Net cash (used in)/generated from financing activities	**(234,965)**	616,024
Net (decrease)/increase in cash and cash equivalents	**(119,004)**	42,867
Cash and cash equivalents at the beginning of the year (Note 13)	**1,053,001**	1,010,134
Cash and cash equivalents at the end of the year (Note 13)	**933,997**	1,053,001
Significant non-cash transaction:		
Transfer of land to equity accounted investee	**—**	36,448

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

1. General information

DXB Entertainments PJSC (the "Company") was originally formed as a limited liability company with commercial license number – 673692 and was incorporated on 11 July 2012. On 9 December 2014, approval from the Ministry of Economy was obtained and the Company was converted to a Public Joint Stock Company ("PJSC") in accordance with UAE Federal Commercial Companies Law No. 8 of 1984, as replaced by UAE Federal Law No. 2 of 2015 ("Companies Law").

The Company is a subsidiary of Meraas Leisure and Entertainment LLC (the "Parent Company") and ultimately owned by Meraas Holding LLC (the "Ultimate Parent Company").

The registered address of the Company is P.O. Box 33772, Dubai, United Arab Emirates ("UAE").

The licensed activities of the Company and its subsidiaries (collectively the "Group") are investment in commercial enterprises and management, real estate development, amusement parks, investment in and management of tourist enterprises and sport and recreational events, tickets e-trading, marketing management, facilities management services and event management.

Due to the seasonal nature of the Group's operations, higher revenues and EBITDA profits are expected in the first and the fourth quarters of the financial year, as compared to lower revenues and EBITDA losses in the second and third quarters.

The Group has not purchased or invested in any shares during the year ended 31 December 2019. The consolidated financial statements include the following subsidiaries:

Name of subsidiary	Place of incorporation	Date of incorporation	Percentage of ownership		Principal activity
			Legal	Beneficial	
Motiongate (LLC)	Dubai, UAE	18 March 2013	99%	100%	Theme park development
Mgate Operations (LLC)*	Dubai, UAE	8 April 2013	100%	100%	Amusement park
Dubai Parks Destination Management (LLC)	Dubai, UAE	25 August 2014	99%	100%	Ticket selling/marketing management
Bollywood Parks (LLC)	Dubai, UAE	25 August 2014	99%	100%	Theme park development
Dubai Parks Hotel (LLC)	Dubai, UAE	25 August 2014	99%	100%	Hotel
River Park (LLC)	Dubai, UAE	25 August 2014	99%	100%	Leasing & management of self-owned property
LL Dubai Theme Park (LLC)	Dubai, UAE	7 September 2014	99%	100%	Theme park development
LL Dubai Operations (LLC)**	Dubai, UAE	14 October 2014	100%	100%	Amusement park
BWP Operations (LLC)***	Dubai, UAE	25 March 2015	100%	100%	Amusement park
SF Dubai (LLC)	Dubai, UAE	21 May 2015	99%	100%	Theme park development
Do Trips (LLC)****	Dubai, UAE	29 May 2016	100%	100%	Travel agent
DXB Project & Management Services (LLC)	Dubai, UAE	5 April 2016	99%	100%	Project management services

* Subsidiary of Motiongate (LLC)
** Subsidiary of LL Dubai Theme Park (LLC)
*** Subsidiary of Bollywood Parks (LLC)
**** Subsidiary of Dubai Parks Destination Management (LLC)

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with material effect on the consolidated financial statements

During the year ended 31 December 2018, the Group early adopted IFRS 16 Leases ('IFRS 16') (as issued by the IASB in January 2016) and the related consequential amendments to other IFRSs. IFRS 16 introduces new or amended requirements for the definition of a lease, lessee accounting and lessor accounting (in particular increased disclosure requirements). The date of initial application of IFRS 16 for the Group was 1 January 2018.

The Group applied the modified retrospective approach permitted under IFRS 16, which requires the recognition of the cumulative effect of initially applying the standard, to the retained earnings and to not restate prior years. When doing so, the Group also made use of the practical expedient to not recognise a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") continued

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements continued

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these consolidated financial statements during the year ended 31 December 2019 and has no material impact on the consolidated financial statements:

- Long-term Interests in Associates and Joint Ventures – amendments to IAS 28: The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015-2017 Cycle: The following improvements were finalised in December 2017:
- IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19: The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:
- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

Other new and revised IFRSs do not have an impact on the Group's consolidated financial statements.

2.2 New and revised IFRSs in issue but not yet effective

- Definition of Material – Amendments to IAS 1 and IAS 8: The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:
- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements.

- Revised Conceptual Framework for Financial Reporting: The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
- increasing the prominence of stewardship in the objective of financial reporting;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") continued

2.2 New and revised IFRSs in issue but not yet effective continued

- Phase 1 amendments IFRS 9 ‹Financial instruments› and IFRS for IBOR reform – In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is the most common series of benchmark interest rates.

LIBOR reforms and expectation of cessation of LIBOR will impact the Group's current risk management strategy and possibly accounting for certain financial instruments. The Group has the following instruments which are exposed to the impact of LIBOR:

- Financial assets: AED 6.8 million
- Financial liabilities: AED 5.9 million

As part of the Group's risk management strategy, the Group uses financial instruments to manage exposures arising from the variation of interest rates that could affect consolidated statement of profit or loss and other comprehensive income and applies hedge accounting to these instruments. Those financial instruments are linked to LIBOR. Refer to note 11 of the consolidated financial statements for details of derivative contracts under hedging arrangements.

The Group is assessing the impact and next steps to ensure a smooth transition in relation to the previous and above standards, however as the Group's IRS have maturity dates prior to 2021, the impact is expected to be immaterial.

3. Summary of significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") including International Financial Reporting Interpretation Committee ("IFRIC") interpretations and applicable requirements of the laws in the UAE.

Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The consolidated financial statements of the Group are presented in Arab Emirates Dirham (AED) and all values are rounded to the nearest thousand Dirhams, except when otherwise indicated. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Going concern

The consolidated financial statements of the Group have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities and continue its operations without significant curtailment for a period of at least 12 months from the date of signing of the consolidated financial statements. During the current year, the Group has incurred a net loss of AED 855 million (2018: AED 2,543 million), had negative operating cashflows of AED 104 million (2018: AED 125 million) and at the year end date has outstanding bank borrowings of AED 4,158 million (2018: AED 4,158 million). The Group also had accumulated losses of AED 5,157 million (2018: AED 4,312 million) as at 31 December 2019. The Group is currently in a moratorium period for principal repayments and covenant testing in relation to its phase 1 syndicated financing facility. The principal repayments and covenant testing thereon will re-commence in March 2021 with AED 213 million of principal due in 2021. However based on advanced discussions between the Parent Company, the guarantor of the syndicated loan facility, the syndicated term loan financiers and other financial institutions, management believe that should further financial support be required in the form of deferred debt service and/or principal repayments, such support will be received.

In determining the appropriateness of the going concern basis of preparation in these consolidated financial statements, management has considered the following:

- 12-month rolling cash flow projections from the date of approval of the consolidated financial statements, including assumptions with regards to headline price, yield, per capita spend, visitation, occupancy and reflecting the ongoing discussions between the Parent Company, the guarantor of the syndicated loan facility and the financial institutions described above;

3. Summary of significant accounting policies continued

Going concern continued

- Utilisation of residual cash from the development stage of Dubai Parks and Resorts and negotiation of long-term payment plans for outstanding development commitments;
- Utilisation of residual cash following shareholder approval for the reutilisation of remaining proceeds from the rights issue; and
- Full year impact of savings from cost optimisation measures introduced by the Company as part of an efficiency plan mandated by the Board of Directors.

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

- Delivering the enhancement plan of the existing parks to drive new and repeat visitation, increasing dwell times and improving per capita spend; and
- Increased international tourist market penetration and growth in number of available hotel rooms at Dubai Parks and Resorts.

Based on these factors, management's opinion is that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated financial statements as at 31 December 2019. Accordingly, no adjustments have been made to the consolidated financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities and accordingly no further adjustments are required in these consolidated financial statements.

As the losses of the Group exceed half of its issued share capital, in accordance with article 302 of the UAE Federal Law no. 2 of 2015, the Board of Directors would convene a General Assembly within 30 days of the issuance of these consolidated financial statements to vote on a resolution for the continuation of the Company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (including its subsidiaries). Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Property and equipment

Property and equipment comprise land, buildings and infrastructure, vehicles, IT and other equipment, furniture and fixtures, rides and attractions, right-of-use assets and capital work-in-progress.

All items of property and equipment are initially recorded at cost. Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Borrowing costs that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset.

3. Summary of significant accounting policies continued

Property and equipment continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. All other repairs and maintenance are charged to consolidated statement of profit or loss and other comprehensive income when incurred.

Depreciation is charged so as to write-off the cost of property and equipment, other than capital work-in-progress, less their estimated residual value, on a straight-line basis over the expected useful lives of the assets, as follows:

	Years
Land	No depreciation
Buildings and infrastructure	5 – 40
IT and other equipment	3 – 25
Rides and attractions	5 – 40
Furniture and fixtures	3 – 25
Vehicles	3 – 4
Right-of-use asset	10 – 30

Assets held under leases are depreciated over their expected useful life on the same basis as owned assets. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work-in-progress

Capital work-in-progress includes projects that are being constructed or developed for future use. Cost includes pre-development infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised during the year when activities that are necessary to make the assets ready for their intended use are in progress. These projects are classified as capital work-in-progress until construction or development is completed. Direct costs from the start of the project up to completion are capitalised. No depreciation is charged on capital work-in-progress.

Financial instruments

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

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

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

Financial assets

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

3. Summary of significant accounting policies continued

Financial instruments continued

Financial assets continued

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

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

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

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

Impairment of financial assets
The Group has significant types of financial assets that are subject to IFRS 9's expected credit loss ("ECL") model.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of these receivables.

To measure the expected credit losses, the Company and its subsidiaries, groups their receivables for each significant line of business, based on their shared credit risk characteristics and the days past due. The Group has established a provision matrix that is based on the Group's historical credit loss experience, which is adjusted for factors that are specific to the debtors, general economic conditions, forward looking macroeconomic data including time value of money and expected cash flows from the realization of collateral, if any.

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial liabilities and equity instruments issued by Group

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

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

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

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

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

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

3. Summary of significant accounting policies continued

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Investments in equity accounted investee

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

An investment in a joint venture is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income in the joint venture.

Profits and losses resulting from transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price for inventories less estimated costs of completion and cost necessary to make the sale. Write-down of inventories to net realisable value is recognised in the consolidated statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Hedge effectiveness

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

3. Summary of significant accounting policies continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the inception of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down and the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment and amortised over the period of the facility to which it relates.

Borrowing/finance costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that take a substantial period of time to complete.

Convertible bond

The convertible bond is denominated in AED and is classified as a compound financial instrument that can be converted to ordinary shares at the option of the holder. The convertible bond is separated into liability and equity components based on the terms of the bond.

At issuance, the fair value of the liability component is determined by discounting the future cash flows pertaining to the coupon payments using the estimated market interest rate. The residual balance is allocated to the equity component and recognised separately under equity.

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured until maturity.

On conversion, the liability and equity components are reclassified to equity at the par value of ordinary shares issued under the share capital and any surplus recognised under equity.

Interest related to the financial liability is recognised in the consolidated statement of profit or loss and other comprehensive income. Transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Leases

Leases are classified as finance or operating leases only if the Group is the lessor. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a lease. All other leases are classified as operating leases. If the Group acts as lessee all contracts are recognised in the consolidated financial statements in accordance with the lessee's guidance in IFRS 16.

The group as a lessor

Lease rental income from operating leases is recognised over a period of one lease year. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives is recognised as a reduction of rental income over that lease year.

3. Summary of significant accounting policies continued

Leases continued

The group as a lessee

The Group recognises right-of-use assets under lease agreements in which it is a lessee. The underlying assets mainly include property and equipment. The right-of-use assets comprise the initial measurement of the corresponding lease liability and payments made at or before the commencement date as well as any initial direct costs. Furthermore, lease incentives are recognised separately and amortised during the lease term. The corresponding lease liability is included in the consolidated statement of financial position as a lease liability. The right-of-use asset will be depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No modification or reassessments of the lease liability have been made as at the reporting date.

Revenue recognition

The Group recognises revenue, based on the five-step model as set out in IFRS 15:

Step 1 - Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 - Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 - Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue when one of the following criteria is met:

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

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

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

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

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably. Revenue represents the amounts received from customers for admission tickets, accommodation, food and beverage sales, merchandising, retail and rental income and sponsorship.

Admission revenue

Admission revenue related to theme park ticket sales is recognised when tickets are used and admission is granted. Revenues from annual passes are recognised over a period of one year from the date of first use.

3. Summary of significant accounting policies continued

Revenue recognition continued

Accommodation revenue

Accommodation revenue is recognised when rooms are occupied and is presented net of applicable discounts and municipality fees. Ancillary services rendered during occupation are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. Related revenue is recognised over the period of occupation when the obligation is fulfilled.

Sale of food and beverage and merchandise

Sale of food and beverage and merchandise is recognised when goods are sold, net of discounts where applicable.

Lease income

Lease rental income from operating leases is recognised over a period of one lease year. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives is recognised as a reduction of rental income over that lease year.

Sponsorship income

Sponsorship income is recognised on a straight-line basis over the term of the contract.

Finance income

Finance income includes interest income and gains from financial liability modifications. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all related conditions. Grants are recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the expense that they are intended to compensate. Related grant income is presented net within 'Salaries and other employee benefits' (Note 20) in the consolidated statement of profit or loss and other comprehensive income.

Foreign currency transactions

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). The consolidated financial statements are presented in AED which is the Group's functional and presentational currency.

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss and other comprehensive income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss and other comprehensive income for the year except for differences arising on the retranslation of non-monetary items in respect of which gain and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. Summary of significant accounting policies continued

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. The Group currently determines and presents financial information as a single operating segment based on the information that is provided internally to the Chief Executive Officer for decision making, who is also the chief operating decision maker (refer to note 26).

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Classification of LL Dubai Hotel LLC as a joint venture

LL Dubai Hotel LLC is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. The Group owns 60% of the joint venture, however, the Group along with its joint venture partner have joint control of the arrangement and accordingly, LL Dubai Hotel LLC is classified as a joint venture of the Group (Note 7).

Fair value measurements and valuation processes

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 11.

Estimated useful lives of property and equipment

Overall assessment of useful is based on determination of factors such as technical and/or function obsolesces, level of maintenance, whether useful life of assets are dependent on useful life of other assets and is benchmarked with international and regional peers.

Asset residual values and useful lives are reviewed at the reporting date and adjusted if appropriate, taking into account technological developments and other factors mentioned above. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the higher of, the value-in-use i.e. the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate, and the assets' fair value less costs to sell. Management has assessed that the lowest cash generating unit for the purposes of impairment testing is the majority of assets within property and equipment, as these comprise one destination, Dubai Parks and Resorts, i.e. one cash generating unit ("CGU") that includes the four theme parks, a hotel and retail properties, excluding the undeveloped portions of land and certain rides/assets under construction.

Management had previously identified, in earlier accounting periods, two cash generating units being "Theme Parks" and "Retail and Hospitality" (the hotel and retail properties), however with the benefit of the knowledge of a longer history of trading data, covering two full years of operation of the theme parks, hotel and retail properties, management consider all assets within the newly identified cash generating unit to be inter-dependent in generating revenues, which are derived primarily from visitation. Had the Group calculated the recoverable amount as one CGU this would not have resulted in an additional impairment in the prior year.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Impairment of assets continued

For the purposes of determining whether an impairment has occurred, management used a value in use calculation to carry out the impairment assessment based on the business plan prepared by management covering a 10-year discrete period, which was then extrapolated to estimate the terminal value. As with all assumptions, management's judgement is required based on historical experience and other factors, including expectations of future performance that are believed to be reasonable under the circumstances.

In preparing the 10-year business plan management make estimates and assumptions concerning future performance, which by definition are subject to variability and therefore actual performance may differ from forecast performance. Refer to note 6 for further details of the Group's impairment assessment.

5. Material profit or loss items

The Group has identified items which are material due to the significance of their nature and amount. These are listed separately to provide a better understanding of the financial performance of the Group.

	2019 AED'000	2018 AED'000
Impairment losses and other related charges on the Six Flags Dubai Project (a)	–	551,018
Impairment losses on the Phase I development (b)	–	990,720
	–	1,541,738

(a) Prior year Impairment losses and other related charges on the Six Flags Dubai Project

During the year, a subsidiary of the Group, SF Dubai LLC received notice from its lenders that funding was no longer available for the Six Flags Dubai Project (the "Project") and as a result the Project was no longer able to proceed at that time. Subsequently, on 24 April 2019, at the Annual General Meeting of the Shareholders, the Shareholders approved a special resolution not to continue with the Project.

Accordingly, as at the prior year end date, management identified assets and related commitments and contingencies that were specific to the Project, that may not have enduring value and an impairment loss of AED 443 million, provision for other liabilities of AED 70 million and a write-off of prepaid borrowing costs of AED 38 million was recognised.

Management has reviewed the adequacy of the impairment provision as at 31 December 2019 and has determined that no further impairment provision is required.

	2019 AED'000	2018 AED'000
Impairment losses on property and equipment	–	442,578
Provision for other liabilities	–	70,324
Write-off of prepaid borrowing costs	–	38,116
	–	551,018

(b) Prior year impairment losses on the Phase 1 development

During the prior year, based on the impairment assessment carried out by management, the Group recorded a non-cash impairment charge of AED 991 million in respect of the Phase I development of its primary asset, Dubai Parks and Resorts. For the year ended 31 December 2019, following management's assessment, the recoverable amounts were determined to be in excess of the asset carrying amounts as at 31 December 2019 and accordingly no further impairment is required in 2019.

6. Property and equipment

	Land AED'000	Building and infrastructure AED'000	IT and other equipment AED'000	Rides and attractions AED'000	Furniture and fixtures AED'000	Vehicles AED'000	Right-of-use asset AED'000	Capital work-in-progress AED'000	Total AED'000
Cost									
As at 1 January 2018 – restated (a)	1,286,238	6,451,400	1,162,262	1,037,606	102,790	6,648	252,496	414,432	10,713,872
Additions during the year	—	475	6,038	4,562	3,655	2,888	—	318,925	336,543
Transfer to an equity accounted investee	(19,414)	—	—	—	—	—	—	—	(19,414)
Disposals	—	—	—	—	—	(795)	—	—	(795)
Reclassification (b)	—	(44,727)	31,862	17,442	15,334	(3,880)	—	(16,031)	—
As at 31 December 2018 – restated (a)	1,266,824	6,407,148	1,200,162	1,059,610	121,779	4,861	252,496	717,326	11,030,206
Additions during the year	—	5,647	3,329	4,676	2,697	—	—	70,636	86,985
Reclassification (c)	—	—	(395,106)	—	—	—	395,106	—	—
Disposals	—	—	—	—	—	(844)	—	—	(844)
Finance lease amendment (d)	—	—	—	—	—	—	(62,765)	—	(62,765)
As at 31 December 2019	**1,266,824**	**6,412,795**	**808,385**	**1,064,286**	**124,476**	**4,017**	**584,837**	**787,962**	**11,053,582**
Accumulated depreciation and impairment									
As at 1 January 2018 – restated (a)	—	248,682	171,558	74,525	19,269	2,410	8,417	—	524,861
Charge for the year	—	237,356	165,058	47,071	14,295	1,165	8,417	—	473,362
Impairment loss	75,799	697,877	95,390	82,257	14,389	191	24,817	442,578	1,433,298
Disposals	—	—	—	—	—	(580)	—	—	(580)
As at 31 December 2018- restated (a)	75,799	1,183,915	432,006	203,853	47,953	3,186	41,651	442,578	2,430,941
Charge for the year	—	184,570	84,370	51,495	12,105	920	50,029	—	383,489
Disposals	—	—	—	—	—	(790)	—	—	(790)
Reclassification (c)	—	—	(148,579)	—	—	—	148,579	—	—
As at 31 December 2019	**75,799**	**1,368,485**	**367,797**	**255,348**	**60,058**	**3,316**	**240,259**	**442,578**	**2,813,640**
Carrying amount At 31 December 2019	**1,191,025**	**5,044,310**	**440,588**	**808,938**	**64,418**	**701**	**344,578**	**345,384**	**8,239,942**
At 31 December 2018 – restated (a)	1,191,025	5,223,233	768,156	855,757	73,826	1,675	210,845	274,748	8,599,265

(a) Certain comparative information has been restated to conform with the current year presentation, which in managements opinion, provides information that is reliable and is more relevant to the users of the financial statements as it more appropriately reflects the nature of the transactions and balances. Refer to note 31 for further details.

(b) During the year ended 31 December 2018, management performed an exercise in conjunction with an expert third party to review the classification of property and equipment. Accordingly, and following this review, certain assets were identified, that in managements opinion were better represented by classifying under alternative asset categories within property and equipment. There was no material impact on depreciation expense.

(c) During the year ended 31 December 2019, IT and other equipment assets held under finance lease with a carrying amount of AED 141 million were reclassified to right of use assets as in managements opinion this better represents the nature of these assets. Also included within right of use assets is the Group's district cooling facility which at 31 December 2019 had a carrying value of AED 204 million.

(d) During the period, the Group entered into a renegotiated finance lease agreement in relation to IT and other equipment assets and as a result:

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

Accordingly, the finance lease asset has been adjusted by an amount of AED 63 million with the corresponding impact on the related finance lease liability and a gain which has been recorded as other income (Note 24).

6. Property and equipment continued

(e) Property and equipment assets with a carrying amount of AED 7.5 billion (2018: AED 7.9 billion) are pledged as security for the Group's bank facilities (Note 16).

(f) Whilst management believe it is early to assess the overall valuation of a theme park destination which has had only two full years of operation and is considered a long-term commercial proposition, given the carrying amount of the net assets is greater than the Group's market capitalisation and the accumulated losses incurred to date due to the destination being in its early stage of full operations, management has carried out the impairment assessment on the recoverability of the assets within property and equipment, which includes the four theme parks, hotel and retail properties, excluding the undeveloped portions of land and certain rides/assets under construction ("the destination").

For the purposes of determining whether an impairment has occurred, management used a value in use calculation to carry out the impairment assessment based on the Board approved business plan prepared by management covering a 10-year discrete period, which was then extrapolated to estimate the terminal value.

The key assumptions underlying the cash flow projections and forming the basis for the value in use calculation include visitation, admission revenue per visit, occupancy and average daily rates of the hotel. As with all assumptions, management's judgement is required based on historical experience and other factors, including expectations of future performance that are believed to be reasonable under the circumstances. In preparing the cash flow projections, management have used benchmarks provided by independent theme park specialists to corroborate certain key assumptions used in the preparation of the business plan.

Management believe forecasting over a 10 year period is justified on the basis that theme parks are intrinsically long-term assets, the destination is in its early stage of full operations, having opened in staggered manner from late 2016, with on-going expansion, coupled with the fact that the Group have recently undergone an efficiency and optimisation exercise (refer to note 4 for the key judgments used in this impairment assessment).

Based on the impairment assessment performed, no impairment loss has been recognised for the assets as at 31 December 2019 with the recoverable amount of the CGU being AED 805 million higher than the carrying amount (refer to note 5 for details of the impairment losses recorded during the year ended 31 December 2018).

Management make estimates and assumptions concerning future performance, which by definition are subject to variability and therefore actual performance may differ from forecast performance. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of property and equipment within the next financial year are disclosed below.

Sensitivity analysis

The calculation of the present value of future cash flows is sensitive to changes in the estimates and assumptions and the calculation may increase or decrease depending on changes in these estimates and assumptions. Sensitivity analysis has therefore been performed on the calculation of value-in-use to highlight the impact of material changes in the key assumptions and estimates. This is as follows:

Theme park visitation and admission revenue per visitor – The projections for the number of visits and admission revenue per visit are based on market analysis, including the total addressable market, penetration rates, the impact of the launch of new assets (currently under development) and sales and marketing activities, keeping in view the competitive landscape.

Management over the 10-year discrete period has assumed a cumulative annual growth rate ("CAGR") of 9.53% and 8.31% in visitation and admission revenue per visitor, respectively. Should visitation (2019: 2.6 million) and admission revenue per visitor decrease by 10% every year (including the terminal year) with all other variables remaining constant; the recoverable amount of the CGU would reduce by AED 2,038 million, resulting in a potential impairment of AED 1,233 million. Should the visitation number decrease by 10% every year (including the terminal year) with all other variables remaining constant; the recoverable amount of the CGU would reduce by AED 1,167 million, resulting in a potential impairment of AED 362 million. Should admission revenue decrease by 10% every year (including the terminal year) with all other variables remaining constant; the recoverable amount of the CGU would reduce by AED 967 million, resulting in an impairment of AED 163 million.

6. Property and equipment continued

Sensitivity analysis continued

Hotel occupancy and average daily rates – Hotel occupancy and average daily rates ("ADR") are based on visitor numbers and general market conditions affecting the tourism industry. Management over the 10 year discrete period has assumed a CAGR of 3.87% and 7.75% in occupancy and ADR for the hotel, respectively. Should the occupancy and ADR decrease by 10% every year (including the terminal year) with all other variables remaining constant; the recoverable amount of the CGU would reduce by AED 460 million, with no resultant impairment.

Long term growth rate – A growth rate of 2.5% (2018: 3%) was determined based on management's long-term expectations, taking into account future expected trends in both market development and market share growth. Should the long-term growth rate decrease by 50 basis points with all other variables remaining constant, the recoverable amount of the CGU would reduce by AED 477 million, with no resultant impairment.

Discount rate – A discount rate of 8.5% (2018: 9.5%) was determined based on the estimated weighted average cost of capital of a 'market participant' within the main geographical region where the Group operates and drawn from market data in similar sectors and adjusted for asset specific risks. The key assumptions used when calculating the discount rate include the ratio of debt to equity financing and risk-free rates. Net present values are calculated using pre-tax discount rates derived from the Group's pre-tax weighted average cost of capital. Should the discount rate increase by 50 basis points with all other variables remaining constant, there would be no resultant impairment.

Any of the following changes in assumptions in isolation would cause the recoverable amount for the CGU to equal it's carrying amount:

- a shortfall in visitation of 6.9% each year and in perpetuity.
- a shortfall in admission revenue of 8.3% each year and in perpetuity.
- a shortfall in hotel occupancy by 24.0% each year and in perpetuity.
- a reduction in the long-term growth rate from 2.5% to 1.6%.
- an increase in the discount rate from 8.5% to 9.0%.

7. Investment in equity accounted investee

During 2017, the Group subscribed for share capital of LL Dubai Hotel LLC which is accounted for as an investment in a joint venture under the equity method. Details of the Investment, which will trade under the name Legoland Hotel Dubai and is expected to become operational during 2020, are as follows:

Name	Nature of business	Country of incorporation	% Interest held	Measurement method
LL Dubai Hotel LLC	Leisure and hospitality	United Arab Emirates	60%	Equity

The share capital of the joint venture consists solely of ordinary shares, each of which rank pari passu. The country of incorporation is its principal place of business.

In accordance with the terms of the financing facility, the Group has funded AED 20 million (2018: AED 20 million) to a cost overrun reserve account to meet any overruns in relation to the development of the joint venture and which will be released upon completion of the project, unless called. There are no other commitments or contingent liabilities relating to the Group's interest in the joint venture.

Movement in the investment is as follows:

	2019 AED'000	2018 AED'000
At 1 January	**53,668**	17,429
Share of losses recognised during the year	**(742)**	(209)
Transfer of land (Note 9)	**—**	36,448
As at 31 December	**52,926**	53,668

7. Investment in equity accounted investee continued

Summarised balance sheet

	2019 AED'000	2018 AED'000
Current assets		
Cash and cash equivalents	**6,421**	6,810
Other current assets	**25,173**	—
Total current assets	**31,594**	6,810
Current liabilities		
Trade payables	**17,772**	1,702
Other current liabilities	**724**	7,132
Total current liabilities	**18,496**	8,834
Non-current assets & liabilities		
Assets	**219,256**	136,301
Liabilities	**101,558**	2,245
Net assets	**130,796**	132,032

Summarised statement of comprehensive income

	2019 AED'000	2018 AED'000
General and administrative expenses	**(836)**	(155)
Finance costs	**(400)**	(193)
Net comprehensive loss for the year	**(1,236)**	(348)

Reconciliation of summarised financial information

	2019 AED'000	2018 AED'000
Opening net assets	**132,032**	132,381
Total comprehensive loss for the year	**(1,236)**	(348)
Closing net assets	**130,796**	132,033
Interest in equity accounted investee	**60%**	60%
Share in equity accounted investee net assets	**78,478**	79,220
Unrealised gain on land transfer	**(25,552)**	(25,552)
Carrying value	**52,926**	53,668

8. Inventories

	2019 AED'000	2018 AED'000
Merchandise	**15,120**	16,640
Food and beverage	**1,725**	2,013
Other operating inventory	**7,777**	7,882
	24,622	26,535
Provision for slow-moving inventory	**(2,534)**	(3,293)
	22,088	23,242
Movement in provision for slow-moving inventory		
As at 1 January	**3,293**	—
Reversals made during the year	**(998)**	—
Provisions made during the year	**239**	3,293
As at 31 December	**2,534**	3,293

9. Related party balances and transactions

Related parties comprise the parent company, the ultimate parent company and entities under common ownership and/or common management and control, and key management personnel, directors and businesses that are controlled directly or indirectly by them, or businesses over which they exercise significant influence.

The following balances are outstanding as at the reporting date:

	2019 AED'000	2018 AED'000
Due from related parties		
Due from Parent company	**14,826**	12,920
Due from a joint venture	**530**	7,005
Due from subsidiaries of Parent company	**3,730**	57
Due from joint ventures of Parent Company	**961**	—
	20,047	19,982
Due to related parties		
Due to a subsidiary of Parent Company (c)	**57,128**	—
Due to joint ventures of Parent company	**398**	1,400
	57,526	1,400

(a) The Group enters into related party transactions on a mutually agreed basis and in the ordinary course of business and outstanding balances mainly relate to leasing and project management services of AED 3.2 million and AED 4.7 million respectively. The terms are normal commercial terms and at market rates. Amounts due from/to related parties do not bear any interest. Certain outstanding balances have no agreed repayment terms, accordingly, they are considered receivable/payable on demand and classified as current assets/liabilities.

(b) During the year ended 31 December 2018, the Group transferred land to its joint venture at a fair value of AED 62 million.

(c) During the year, the Group entered into a transaction with its Parent Company for the settlement of a third-party phase I infrastructure contract amounting to AED 104 million. According to the transaction terms, this amount is repayable over 10 years and was recognised at a net present value of AED 57 million. A resultant gain of AED 9.3 million has been recognised as a transaction with a shareholder in the consolidated statement of changes in equity, representing the difference in value between the extinguishment of the previous liability and recognition of the new liability. The outstanding liability as at 31 December 2019 is carried at its amortised cost.

9. Related party balances and transactions continued

Key management remuneration

	2019 AED'000	2018 AED'000
Short term benefits	**11,213**	12,203
Long term benefits	**306**	328
	11,519	12,531

10. Trade and other receivables

	2019 AED'000	2018 AED'000
Trade receivables	**73,010**	70,401
Impairment of trade receivables	**(23,410)**	(11,408)
	49,600	58,993
Prepayments and other receivables	**29,977**	55,005
Advances to suppliers	**19,789**	39,804
Interest receivable	**1,613**	5,011
	100,979	158,813
Current	**100,979**	158,813
Non-current	**—**	—
	100,979	158,813

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. A provision has been made for the estimated impairment for trade receivables of AED 23 million (31 December 2018: AED 11 million). The provision has been determined based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

	2019 AED'000	2018 AED'000
Movement in impairment of trade receivables		
As at 1 January	**11,408**	—
Reversals for the year	**(2,715)**	—
Expected credit loss charge for the year	**14,717**	11,408
As at 31 December	**23,410**	11,408

The Group has limited credit risk in respect of trade receivables arising from theme park admissions and hotel stays booked via trade and hotel partners as the majority of balances are either secured by collateral or the balance is insured via third-party insurance arrangements. The estimated ECLs for these trade receivables are calculated using both actual credit loss experience and forward-looking projections adjusted for any credit collateral in place, the result of which is not material to the trade receivables balance or the related impairment.

The Group seeks to limit its credit risk with respect to sponsorship partners and tenants by entering into contracts with top-tier customers, tracking historical business relationships and assessing default risk. The trade receivable balance as at 31 December 2019 primarily relates to a receivable against which a specific impairment provision has been recognised of AED 23.0 million (2018: AED 11.4 million). The estimated ECLs are calculated using both actual credit loss experience and forward-looking projections which resulted in no material impact on the impairment of these trade receivables.

10. Trade and other receivables continued

At 31 December 2019, the Group's top 5 customers accounted for 62% (2018: 47%) of the gross trade receivables balance. Management is of the opinion that this concentration of credit risk will not result in a loss to the Group since these customers have an established record of meeting their financial commitments. Any potential impairment on the other receivables balance that is subject to the ECL model, is immaterial.

11. Derivative financial instruments

	31 December 2019		
	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
Interest rate swaps	**6,799**	**5,862**	**2,730,789**

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

The Group entered into interest rate swaps ('IRS') in relation to the term loan denominated in USD. These IRS have been designated as hedging instruments and are categorised as level 2 IRS as one or more of the significant inputs are not based on observable market data (Note 28). All the Group's IRS mature in 2021.

12. Other financial assets

	2019 AED'000	2018 AED'000
Fixed deposits	**100,000**	560,000
Restricted cash	**166,130**	169,609
	266,130	729,609

Restricted cash comprises of:

- Fixed deposits held with banks with original maturity periods of more than three months and earning interest at rates ranging from 2% to 3% per annum.
- Cash reserves held in the Group's debt service reserve account as required under the terms of the Group's financing arrangements
- Cash margins placed with banks for issuing letters of credit
- Capital expenditure reserve in relation to the Group's hotel asset

13. Cash and cash equivalents

	2019 AED'000	2018 AED'000
Cash on hand	**3,088**	3,229
Cash at bank	**930,909**	1,049,772
Cash and cash equivalents	**933,997**	1,053,001

Cash at bank includes call accounts that earn interest of up to 1% per annum (31 December 2018: 1%) and short-term deposits held by banks with original maturity periods of three months or less that earn interest at rates ranging from 2% to 3% (31 December 2018: 2% to 3%) per annum.

14. Share capital

	2019 AED'000	2018 AED'000
Authorised capital 12,643,655,416 shares of AED 1 each	**12,643,655**	12,643,655
Issued and fully paid-up 7,999,912,670 shares of AED 1 each	**7,999,913**	7,999,913

15. Convertible bond

	2019 AED'000	2018 AED'000
Balance at the beginning of the year	**1,255,647**	–
Carrying value of SSL and accrued interest at issue date	**–**	412,004
Proceeds from issuance of convertible bond	**–**	804,800
Accrued interest during the year	**107,194**	38,843
	1,362,841	1,255,647
Less: Residual value of equity component	**(65,717)**	(65,717)
Carrying amount of liability component	**1,297,124**	1,189,930

During the year ended 31 December 2018, the Group reached an agreement with its Ultimate Parent Company and Parent Company to issue an AED 1.2 billion convertible bond which was approved at the General Assembly on 25 April 2018. Under the agreement, the existing outstanding subordinated shareholder loan ("SSL") balance including accrued interest thereon was incorporated into the convertible bond.

The fully issued convertible bond has a maturity date of 30 June 2026 and carries a coupon of 8 percent per annum compounded quarterly with the coupon payable on the maturity date, unless converted earlier. The bond is convertible at the option of the holder at a strike price of AED 1.04 from the period beginning 1 January 2021 and ending on 31 December 2024. The conversion period is extendable for a period of 12 months upon expiry in the event that the trailing 12-month volume weighted average price of the Company shares is less than AED 1.04. As at 31 December 2019, the convertible bonds had been fully issued.

16. Bank facilities

	2019 AED'000	2018 AED'000
Term loans	**4,158,026**	4,158,026
Gross borrowing costs	**306,466**	306,392
Less: Cumulative amortisation	**(118,157)**	(89,170)
Un-amortised borrowing costs	**188,309**	217,222
Carrying amount	**3,969,717**	3,940,804

	2019 AED'000	2018 AED'000
Later than 1 year and not longer than 2 years	**213,248**	–
Later than 2 years and not longer than 5 years	**1,093,587**	819,989
Later than 5 years	**2,851,191**	3,338,037
Amounts due for settlement after 12 months	**4,158,026**	4,158,026
Amounts due for settlement within 12 months	**–**	–
	4,158,026	4,158,026

16. Bank facilities continued

Term loans

(a) The Group has bank facilities of AED 4.2 billion (31 December 2018: AED 5.2 billion) in the form of term loans which were fully utilised as at 31 December 2019 (31 December 2018: AED 4.2 billion). During the year the Group's remaining AED 1.0 billion bank facility intended for utilisation as part of the Six Flags Dubai Project was withdrawn.

(b) The term loan in respect of the Phase I development of AED 4.2 billion has been fully drawn and has a maturity date of 30 June 2026. During the year ended 31 December 2018, the Group received a 3-year moratorium on principal repayments and covenant testing with no change in interest rate from its Phase I syndicated term loan financiers. Subsequent to the re-alignment, the Phase I principal quarterly repayments will commence from March 2021.

(c) The Phase 1 syndicated facilities are secured by a range of mortgages over property owned by the Group (Note 6), assignments of certain contracts, pledges over certain bank accounts and deposits, amounting to AED 769 million (2018: AED 1,070 million) and guarantees from the Ultimate Parent Company and the Parent Company.

Letters of credit

As at 31 December 2019, the Group has facilities in relation to letters of credit amounting to AED 200 million (31 December 2018: AED 200 million) and outstanding letters of credit amounting to AED 10 million (31 December 2018: AED 46 million). The letters of credit are secured by way of 100% cash margins.

Net debt reconciliation

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Cash changes		Non-cash changes		
	1 January 2019 AED'000	Financing cash flows AED'000	Equity component of convertible bond AED'000	Finance lease recognised AED'000	Other non-cash changes AED'000	31 December 2019 AED'000
Convertible bond (including compounding interest payable)	**1,189,930**	**—**	**—**	**—**	**107,194**	**1,297,124**
Bank borrowing (including simple interest payable)	**4,158,026**	**(225,890)**	**—**	**—**	**225,890**	**4,158,026**
Lease liability	**526,508**	**(9,075)**	**—**	**—**	**(84,755)**	**432,678**
	5,874,464	**(234,965)**	**—**	**—**	**248,329**	**5,887,828**
Less: cash and cash equivalents						**(933,997)**
Less: other financial assets						**(266,130)**
Net Debt						**4,687,701**

		Cash changes		Non-cash changes		
	1 January 2018 AED'000	Financing cash flows AED'000	Equity component of convertible bond AED'000	Finance lease recognised AED'000	Other non-cash changes AED'000	31 December 2018 AED'000
Convertible bond (including compounding interest payable)	—	804,800	(65,717)	—	450,847	1,189,930
Loan from related parties	245,200	150,000	—	—	(395,200)	—
Bank borrowing (including simple interest payable)	4,158,026	(272,530)	—	—	272,530	4,158,026
Lease liability	303,246	(66,246)	—	252,496	37,012	526,508
	4,706,472	616,024	(65,717)	252,496	365,189	5,874,464
Less: cash and cash equivalents						(1,053,001)
Less: other financial assets						(729,609)
Net Debt						4,091,854

17. Trade and other payables

	2019 AED'000	2018 AED'000
Trade payables	**178,987**	228,229
Accrued expenses	**371,245**	507,428
Retentions payable	**197,784**	244,817
Rental and other advances	**20,527**	32,312
Deferred revenue (a)	**44,516**	41,869
Other liabilities	**112,246**	93,342
	925,305	1,147,997
Current	**833,315**	1,081,997
Non-current (b)	**91,990**	66,000
	925,305	1,147,997

(a) Deferred revenue

	2019 AED'000	2018 AED'000
Balance at the beginning of the year	**41,869**	45,295
Cash collections and other movements	**97,038**	111,062
Revenue recognised during the year (Note 19)	**(94,391)**	(114,488)
Balance at the end of the year	**44,516**	41,869

Deferred revenue represents the Group's outstanding performance obligations in relation to:

- Upfront cash collections from annual pass sales and advance bookings
- Third party sponsorship agreements and will be recognised as revenue within one year as the Group satisfies its performance obligations.

(b) The fair value of non-current liabilities has been estimated using a discount rate of 8% which approximates the effective interest rate. The renegotiation of the liability took place during the year with the remeasurement reported in the consolidated statement of profit and loss and other comprehensive income (refer to note 23).

18. Provisions

	2019 AED'000	2018 AED'000
Provision for other liabilities (a)	**36,791**	70,324
Employees' end-of-service benefits (b)	**8,736**	7,138
	45,527	77,462

18. Provisions continued

(a) Provision for other liabilities

	2019 AED'000	2018 AED'000
Balance at the beginning of the year	**70,324**	—
Charge for the year	**—**	70,324
Amounts utilised during the year	**(33,533)**	—
Balance at the end of the year	**36,791**	70,324

Provision for other liabilities represent potential termination and delay penalties as well as demobilisation costs associated with certain of the Group's construction and consultancy agreements. The provision represents managements best estimate of the potential outflow, however the timing of the outflow is uncertain.

(b) Employees' end-of-service benefits

	2019 AED'000	2018 AED'000
Balance at the beginning of the year	**7,138**	5,280
Charge for the year	**4,605**	3,928
Amounts paid during the year	**(3,007)**	(2,070)
Balance at the end of the year	**8,736**	7,138

Provision for employees' end-of-service benefits is made in accordance with the UAE labour law and is based on current remuneration and cumulative years of service at the reporting date.

19. Revenue

	2019 AED'000	2018 AED'000
Revenue from contracts with customers – Point in time		
Admission revenue (excluding annual passes)	**159,124**	184,176
Sales of food and beverage	**72,320**	81,940
Sale of merchandise	**33,293**	42,821
Other	**19,677**	22,208
	284,414	331,145
Revenue from contracts with customers – Over time		
Accommodation revenue	**61,406**	68,566
Sponsorship revenue	**61,372**	68,370
Admission revenue (annual passes)	**33,019**	46,118
Management fees	**3,849**	5,150
	159,646	188,204
Lease revenues	**47,138**	21,122
	491,198	540,471

During the year ended 31 December 2019, the Group entered into a settlement agreement with a multiple unit tenant for the recovery of long outstanding dues for rental and other related charges amounting to AED 40.5 million of which AED 33.6 million has been included in lease revenues and AED 6.9 million has been presented net within 'Salaries, depreciation and other expenses' (Note 20).

Of the AED 40.5 million recovered, AED 38.8 million has been assessed as non-recurring in nature and accordingly has been excluded from adjusted EBITDA (Note 26).

20. Salaries, depreciation and other expenses

	2019 AED'000	2018 AED'000
Salaries and other employee benefits *	**224,625**	292,057
Depreciation (Note 6)	**383,489**	473,362
Utility charges	**63,953**	74,178
Management and royalty fees	**55,701**	55,739
Repairs and maintenance	**36,333**	59,309
Supplies, communication and IT expenses	**36,229**	38,346
Rent expense	**17,990**	40,549
Outsourced entertainment and music	**16,005**	7,750
Provision for doubtful debts	**12,002**	11,408
Other	**35,292**	49,558
	881,619	1,102,256

* Includes pension contributions for U.A.E. nationals that are made by the Group in accordance with Federal Law No. 7 of 1999; and an AED 3.3 million reduction in expense resulting from non-recourse grants received from the Parent towards the salaries and other employee benefits of U.A.E. nationals.

21. Other direct costs

	2019 AED'000	2018 AED'000
Food and beverage	**20,881**	22,351
Merchandise	**15,374**	23,060
Other	**8,871**	27,261
	45,126	72,672

22. Finance costs

	2019 AED'000	2018 AED'000
Interest on term loan	**226,103**	220,840
Interest on convertible bond/SSL	**107,220**	50,755
Interest on leases	**45,256**	46,917
Amortization of borrowing costs	**28,987**	31,662
Discount unwinding on long term liabilities	**6,452**	—
	414,018	350,174

23. Finance income

	2019 AED'000	2018 AED'000
Gain on modification of financial liabilities	**27,098**	—
Interest on deposits	**22,188**	32,657
	49,286	32,657

24. Other income – net

	2019 AED'000	2018 AED'000
Gain on transfer of land to an equity accounted investee	**—**	17,034
Reimbursement of municipality tax	**5,414**	7,397
One-time employee related provisions	**(12,256)**	(4,025)
Release of deferred liability	**—**	31,632
Gain on lease modifications (Note 6(d))	**9,340**	—
Other	**1,806**	(1,896)
	4,304	50,142

25. Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2019	2018
Loss attributable to equity holders of the Company (in AED'000)	**(854,554)**	(2,543,029)
Weighted average number of shares (in '000)		
Outstanding at 1 January	**7,999,913**	7,999,913
Issue of new shares	**—**	—
Outstanding at 31 December	**7,999,913**	7,999,913
Basic and dilutive loss per share (in AED)	**(0.107)**	(0.318)

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

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

Management presents adjusted EBITDA as a key performance measure and believes it to be relevant to the understanding of the Group's financial performance. Adjusted EBITDA for the Group is calculated by adjusting loss for the period to exclude the impact of finance costs, finance income, depreciation and non-recurring expenses and income. Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly captioned performance measures and disclosures by other entities. The reconciliation of loss for the period to adjusted EBITDA is included below:

	2019	2018
Loss for the year	**(854,554)**	(2,543,029)
Adjusted for:		
Depreciation	**383,489**	473,362
Impairment losses and other related charges	**—**	1,541,738
Finance costs	**414,018**	350,174
Finance income	**(49,286)**	(32,657)
EBITDA	**(106,333)**	(210,412)
Adjustments for non-recurring items:		
Non-recurring rental revenue and other related charges (Note 19)	**(38,760)**	—
Reimbursement of municipality tax (Note 24)	**(5,414)**	(7,397)
One-time employee related provisions (Note 24)	**12,256**	4,025
Gain on lease modifications (Note 24)	**(9,340)**	—
Gain on transfer of land to an equity accounted investee (Note 24)	**—**	(17,034)
Net release of deferred liability	**—**	(11,325)
Other non-recurring (income)/expense – net	**(1,484)**	3,576
Adjusted EBITDA	**(149,075)**	(238,567)

27. Commitments and contingent liabilities

(a) Commitments

Commitments for services received in relation to development and construction of assets classified under property and equipment amounted to AED 96 million as at 31 December 2019 (31 December 2018: AED 597 million).

(b) Lease rentals – Group as a lessee

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2019 AED'000	2018 AED'000	**2019 AED'000**	2018 AED'000	**2019 AED'000**	2018 AED'000
Not later than 1 year	**57,673**	89,655	**31,389**	46,610	**26,284**	43,045
Later than 1 year and not longer than 5 years	**255,418**	355,723	**196,470**	159,915	**58,948**	195,808
Later than 5 years	**993,689**	960,057	**646,243**	672,402	**347,446**	287,655
	1,306,780	1,405,435	**874,102**	878,927	**432,678**	526,508

(c) Operating lease rentals – Group as a lessor

	2019 AED'000	2018 AED'000
Not later than 1 year	**22,619**	27,635
Later than 1 year and not longer than 5 years	**8,832**	33,407
	31,451	61,042

(d) Letter of credits

	2019 AED'000	2018 AED'000
Letters of credit	**10,462**	**45,564**

(e) Contingent liabilities

Contingent liabilities may arise during the normal course of business. Based on information presently available any such contingent liabilities either cannot be quantified at this stage or in the opinion of management are without merit and therefore are deemed not likely to result in a cash outflow to the Group at the present time.

Legal claim

An operating subsidiary of the Group is party to a litigation whereby the claimant to those proceedings is seeking an award against purported consultancy services provided in respect of certain sponsorship contracts. The Group believes that the amounts under the potential claim are not substantiated and will therefore be ultimately dismissed by the courts. Management has assessed the potential financial impact on the Group as low and believes that the amounts recognised to date and due as at the year-end date are reflective of the amounts due in the ordinary course of business.

28. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in note 3.

28. Financial instruments continued

(b) Categories of financial instruments

	2019 AED'000	2018 AED'000
Financial assets		
Trade receivables – net	**49,600**	58,993
Interest receivable	**1,613**	5,011
Other receivables (excluding prepayments and advances)	**20,557**	39,016
Due from related parties	**20,047**	19,982
Other financial assets	**266,130**	729,609
Cash and cash equivalents	**933,997**	1,053,001
Financial assets – at amortised cost	**1,291,944**	1,905,612
Derivative financial instrument – at fair value	**6,799**	71,165
Total financial assets	**1,298,743**	1,976,777

	2019 AED'000	2018 AED'000
Financial liabilities		
Trade payables	**178,987**	228,229
Accrued expenses	**371,245**	507,428
Retentions payable	**197,784**	244,817
Other liabilities	**112,246**	93,342
Due to related parties	**57,526**	1,400
Convertible bond – liability component	**1,297,124**	1,189,930
Bank facilities	**4,158,026**	4,158,026
Lease liabilities	**432,678**	526,508
Financial liabilities – at amortised cost	**6,805,616**	6,949,680
Derivative financial instrument – at fair value	**5,862**	—
Total financial liabilities	**6,811,478**	6,949,680

(c) Fair value of financial instruments

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.

Fair value of financial instruments measured at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities that are due within a 12 month period from the balance sheet date approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

Valuation of financial instruments recorded at fair value is based on quoted market prices and other valuation techniques. The fair values of financial assets and financial liabilities are determined as follows:

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

28. Financial instruments continued

(c) Fair value of financial instruments continued

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

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

29. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk and investing excess cash, 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, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

(a) Interest rate risk management

The Group's exposure to interest rate risk relates to its bank facilities, bank call accounts and other financial assets. The bank call accounts and other financial assets carry a fixed rate of interest of between 1% – 3% per annum. The Group's exposure to interest rate risk relates primarily to its term loans. Term loans bear interest at LIBOR + 3.5% and EIBOR + 3.15% per annum for the USD and AED tranches respectively (2018: LIBOR + 3.5% and EIBOR + 3.15% per annum) (Note 16). The Group's policy is to maintain at least 55% of its borrowings at fixed rate, using floating-to-fixed IRS to achieve this as necessary. During 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in AED and US dollars. Swaps currently in place cover approximately 66% (2018 – 70%) of the variable loan principal outstanding. The Hedging ratio as of 31 December 2019 is 66% (2018 – 70%). The Group adopts a predetermined fixed/float mix and hedging strategy via interest rate derivatives ensuring that its exposure to significant changes in interest rates is reduced. This is achieved by entering into interest rate swaps. The swap contracts require settlement of net interest receivable or payable at the end of each quarter. The settlement dates coincide with the dates on which interest is payable on the underlying borrowing facilities. The swaps have the following settlement dates as at 31 December 2019:

	Within 1 year AED'000	Between 1 and 5 years AED'000
Derivative financial instruments – net settled income	7,896	7,032

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss; therefore, a change in interest rates at the reporting date would not affect profit or loss.

Interest rate sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's interest cost for the year ended 31 December 2019 would increase/decrease by AED 10 million (2018: AED 16 million). This is attributable to the Group's exposure to interest rates on its variable rate term loans.

29. Financial risk management continued

(b) Credit risk management

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, and arises principally from the Group's trade receivables, due from related parties, rent receivables and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 AED'000	2018 AED'000
Trade and other receivables	**71,770**	103,020
Due from related parties	**20,047**	19,982
Other financial assets	**266,130**	729,609
Cash held with banks	**930,909**	1,049,772
	1,288,856	1,902,383

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk.

Due from related parties

The Group's due from related parties comprise amounts receivable from the Parent and its subsidiaries mainly related to the provision of project management services performed by the Group and any impairment would be immaterial.

Cash and cash equivalents

Cash is placed with local and international banks of good credit reputation. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The cash and cash equivalents at the balance sheet date is placed with local banks having credit ratings Aa3 to A-.

(c) Foreign currency risk management

At the reporting date, there were no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams (AED) or United States Dollars (USD) to which the AED is fixed.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with management who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding. The Group manages liquidity risk by maintaining adequate reserves (including holding fixed deposits at banks to meet liquidity needs), and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities (including entering into netting off agreements where appropriate).

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the expected maturity and the earliest date on which the Group is expected to receive for financial assets and to pay for financial liabilities.

29. Financial risk management continued

(d) Liquidity risk management continued

Financial Liabilities

	Within 1 year AED'000	Between 1 and 5 years AED'000	Over 5 years AED'000	Total AED'000
2019				
Convertible bond*	**—**	**—**	**2,224,297**	**2,224,297**
Bank facilities	**228,400**	**2,109,235**	**3,051,991**	**5,389,626**
Due to related parties	**3,551**	**14,205**	**28,410**	**46,166**
Trade and other payables (excluding deferred revenue and advances)	**806,861**	**50,171**	**28,411**	**885,443**
	1,038,812	**2,173,611**	**5,333,109**	**8,545,532**
2018				
Convertible bond*	—	—	2,224,297	2,224,297
Bank facilities	225,890	1,677,400	3,712,100	5,615,390
Due to related parties	—	1,400	—	1,400
Trade and other payables (excluding deferred revenue and advances)	1,073,816	—	—	1,073,816
	1,299,706	1,678,800	5,936,397	8,914,903

*The interest payable is calculated on the assumption that the bond is not converted to equity.

Financial assets

	Within 1 year AED'000	Between 1 and 5 years AED'000	Over 5 years AED'000	Total AED'000
2019				
Trade and other receivables (excluding prepayments and advances)	**71,770**	**—**	**—**	**71,770**
Due from related parties	**20,047**	**—**	**—**	**20,047**
Restricted cash	**266,130**	**—**	**—**	**266,130**
Cash and cash equivalents	**933,997**	**—**	**—**	**933,997**
	1,291,944	**—**	**—**	**1,291,944**
2018				
Trade and other receivables (excluding prepayments and advances)	103,020	—	—	103,020
Due from related parties	19,982	—	—	19,982
Restricted cash	729,609	—	—	729,609
Cash and cash equivalents	1,053,001	—	—	1,053,001
	1,905,612	—	—	1,905,612

30. Capital management

The capital structure of the Group consists of cash and cash equivalents, equity attributable to equity holders of the Company, convertible bonds and bank borrowings. The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business; to provide returns for shareholders; and to optimise the capital structure to reduce the cost of capital. To enable the Group to meet its objective, management monitor capital through constant review of the Group's capital investment programme and through regular budgeting and planning processes.

31. Prior year restatement and change in presentation

Change in presentation

During the year ended 31 December 2019, management has amended the presentation of the consolidated statement of financial position using the current/non-current distinction by including the separate classifications between current and non-current assets and current and non-current liabilities, where previously all assets and liabilities had been presented in order of liquidity. Further management has amended the presentation of the consolidated statement of profit or loss and other comprehensive income by presenting the analysis of expenses using a classification based on nature, where previously the analysis of expenses had been presented using a classification based on function. The method of presentation has been amended to enhance the users understanding of the Group›s performance.

Prior year restatement

During the year ended 31 December 2018 and periods prior, management had classified retail properties as investment properties. Under IAS 40 ‹Investment properties›, there is an inherent assumption that investment properties are able to generate cash flows independently. As detailed in note 6, management have therefore restated the consolidated financial statements and classified the retail properties as property and equipment as opposed to investment properties as these were previously classified within a separate CGU in the prior year.

As the effects of both the above restatements do not impact equity, management has elected not to present a third consolidated statement of financial position. The impact on the key line items in the consolidated financial statements of the restatement as at 1 January 2018 and 31 December 2018 are as follows:

	Property and equipment			Investment properties		
	Cost AED'000	Accumulated depreciation and impairment AED'000	Carrying amount AED'000	Cost AED'000	Accumulated depreciation AED'000	Carrying amount AED'000
As at 1 January 2018						
Previously reported	10,155,609	502,241	9,653,368	558,263	22,620	535,643
Restatement	558,263	22,620	535,643	(558,263)	(22,620)	(535,643)
Restated balances	10,713,872	524,861	10,189,011	—	—	—

	Property and equipment			Investment properties		
	Cost AED'000	Accumulated depreciation and impairment AED'000	Carrying amount AED'000	Cost AED'000	Accumulated depreciation AED'000	Carrying amount AED'000
As at 31 December 2018						
Previously reported	10,475,221	2,387,864	8,087,357	554,985	43,077	511,908
Restatement	554,985	43,077	511,908	(554,985)	(43,077)	(511,908)
Restated balances	11,030,206	2,430,941	8,599,265	—	—	—

32. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and signed for issuance on 12 February 2020.

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