



**Condensed Consolidated Interim Financial Statements  
For the six month period ended 30 June 2013**

- Condensed consolidated interim statement of financial position
- Condensed consolidated interim statement of comprehensive income
- Condensed consolidated interim statement of cash flows
- Condensed consolidated interim statement of changes in equity
- Notes to the condensed consolidated interim financial statements



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## **Independent Auditors' Report on Review of Interim Financial Information**

The Shareholders  
Majid Al Futtaim Holding LLC

### *Introduction*

We have reviewed the accompanying 30 June 2013 condensed consolidated interim financial information of Majid Al Futtaim Holding LLC ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2013;
- the condensed consolidated statement of comprehensive income for the six month period ended 30 June 2013;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2013;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2013; and
- notes to the interim financial information

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2013, condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

15 SEP 2013

**Condensed consolidated interim statement of financial position**
**As at 30 June 2013**

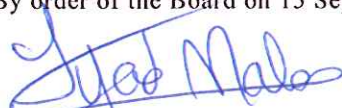
In thousands of AED

	Notes	30 June 2013 Unaudited	31 December 2012 Audited
<b>Tangible fixed assets</b>			
Property, plant and equipment	6	20,183,488	19,706,397
Investment property	7	11,417,111	11,307,392
		31,600,599	31,013,789
<b>Other non-current assets</b>			
Investments		1,149,113	1,161,475
Net investment in finance leases - non current portion		-	175,420
Long term prepaid lease premium - non current portion		11,642	12,544
Long term loans and advances		12,068	94,598
Receivable from a joint venture	8.4	81,468	-
Intangible assets		125,992	134,428
		1,380,283	1,578,465
<b>Total non-current assets</b>		<b>32,980,882</b>	<b>32,592,254</b>
<b>Current assets</b>			
Short term loan to a related party	8.1	104,136	99,344
Development property		69,953	66,336
Inventories		1,180,413	965,801
Trade and other receivables		2,108,352	1,132,188
Due from related parties	8.2	105,368	146,830
Net investment in finance leases - current portion		-	207,543
Cash in hand and at bank		1,941,213	2,719,401
Assets classified as held for sale	9.1	478,759	-
		5,988,194	5,337,443
<b>Current liabilities</b>			
Short term loan from a related party	8.3	189,000	177,000
Trade and other payables		6,944,791	5,504,592
Due to related parties	8.2	49,014	76,830
Other employment benefits payable - current portion		81,355	153,824
Bank overdraft		1,756	863
Current maturity of long term loans	10	1,842,788	720,403
Liabilities classified as held for sale	9.1	260,951	-
		9,369,655	6,633,512
<b>Net current liabilities</b>		<b>(3,381,461)</b>	<b>(1,296,069)</b>
<b>Non-current liabilities</b>			
Long term loans	10	8,590,685	8,831,094
Deferred tax liabilities	11	112,115	117,075
Other long term liabilities		84,838	82,518
Other employment benefits payable - non current portion		23,820	23,946
Provision for staff terminal benefits		325,605	298,865
<b>Total non-current liabilities</b>		<b>9,137,063</b>	<b>9,353,498</b>
<b>Net assets</b>		<b>20,462,358</b>	<b>21,942,687</b>
<b>Equity</b>			
Share capital		2,486,729	2,486,729
Statutory reserve		1,355,179	1,355,179
Revaluation reserve		14,347,902	14,051,364
Other reserves		2,114,936	3,466,142
<b>Total equity attributable to the owners of the Group</b>		<b>20,304,746</b>	<b>21,359,414</b>
Non-controlling interest	13	157,612	583,273
<b>Total equity</b>		<b>20,462,358</b>	<b>21,942,687</b>

The notes on pages 8 to 18 form part of these condensed consolidated interim financial statements.

Independent auditor's report on review of interim financial information is set out on page 2.

By order of the Board on 15 September 2013:

  
 Chief Executive Officer

  
 Chief Financial Officer

**Condensed consolidated interim statement of comprehensive income**  
**For the six month period ended 30 June**

In thousands of AED

	Notes	For six months ended 30 June 2013 Unaudited	For six months ended 30 June 2012 Unaudited
Revenue	12	11,259,562	10,174,731
Cost of sales		(7,685,332)	(6,994,367)
Operating expenses		(2,496,514)	(2,200,134)
Net valuation gain on land and buildings		140,532	315,919
Finance costs		(278,987)	(296,493)
Finance income		77,608	38,907
Other income - net		25,140	1,082
Impairment reversal - net		18,836	12,443
Share of gain/(loss) in joint ventures & associate - net		16,555	(770)
<b>Profit for the period before tax</b>		<b>1,077,400</b>	<b>1,051,318</b>
Tax charge - net		(50,770)	(43,478)
Profit for the period from continuing operation		1,026,630	1,007,840
<b>Discontinued operations</b>			
- Profit for the period from subsidiary held for sale	9.1	11,187	8,292
- Profit from discontinued operations	9.2	-	21,940
		11,187	30,232
<b>Profit for the period</b>		<b>1,037,817</b>	<b>1,038,072</b>
<b>Profit for the period attributable to:</b>			
- Owners of the Group		969,210	927,088
- Non-controlling interest		68,607	110,984
<b>Profit for the period</b>		<b>1,037,817</b>	<b>1,038,072</b>
<b>Other comprehensive income</b>			
<b>Profit for the period</b>		<b>1,037,817</b>	<b>1,038,072</b>
<b>Items that will never be reclassified to profit or loss:</b>			
Net gain on valuation of land and buildings		298,419	334,689
Deferred tax liability (charged)/reversed on revaluation of land and buildings	11	(1,881)	3,445
		296,538	338,134
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences on foreign operations		(132,333)	31,342
Net change in fair value of cash flow hedges		65,511	(16,523)
		(66,822)	14,819
<b>Total other comprehensive income for the period</b>		<b>229,716</b>	<b>352,953</b>
<b>Total comprehensive income for the period</b>		<b>1,267,533</b>	<b>1,391,025</b>
<b>Total comprehensive income for the period attributable to:</b>			
- Owners of the Group		1,197,846	1,284,364
- Non-controlling interest		69,687	106,661
<b>Total comprehensive income for the period</b>		<b>1,267,533</b>	<b>1,391,025</b>

The notes on pages 8 to 18 form part of these condensed consolidated interim financial statements.

**Condensed consolidated interim statement of cash flows**  
**For the six month period ended 30 June**

In thousands of AED

	For six months ended 30 June 2013 Unaudited	For six months ended 30 June 2012 Unaudited
Profit for the period after tax	1,037,817	1,038,072
<b>Non-cash adjustments:</b>		
Finance income	(77,608)	(38,907)
Net valuation gain on land and building	(140,532)	(315,919)
Finance cost	278,987	296,493
Depreciation	480,201	461,967
Deferred tax charge	4,912	13,462
Amortisation of intangible assets	10,576	13,437
Share of (gain)/loss in joint ventures and associate - net	(16,555)	770
Impairment reversal - net	(18,836)	(12,443)
(Gain)/loss on disposal of non-current assets	(427)	23,965
Provision for staff terminal benefits - net	26,740	14,672
Others	21,370	8,131
<b>Net cash from operations</b>	<b>1,606,645</b>	<b>1,503,700</b>
<b>Changes to working capital</b>		
Inventories	(214,612)	(160,082)
Trade and other receivables	(976,164)	(102,267)
Trade and other payables	1,239,367	(32,956)
Due from/to related parties	13,646	(22,446)
	62,237	(317,751)
<b>Net cash from operating activities</b>	<b>1,668,882</b>	<b>1,185,949</b>
<b>Cash flow from investing activities</b>		
Acquisition of non-controlling interest	(2,555,178)	-
Acquisition of property, plant and equipment, investment property and development property	(778,832)	(592,154)
Proceeds from property, plant and equipment and investment property	2,865	42,123
Movement in investment in joint ventures and associates	2,465	(59,793)
Proceeds from sale of investment	93,119	-
Funding provided to a joint venture	(58,000)	-
Movement in fixed deposits - net	970,366	135,000
Interest received	26,724	50,384
<b>Cash used in investing activities</b>	<b>(2,296,471)</b>	<b>(424,440)</b>
<b>Cash flow from financing activities</b>		
Short term loan received from a related party	221,600	79,000
Short term loan repaid to a related party	(209,600)	(137,000)
Short term loans granted to related party	(4,792)	-
Long term loans received	1,432,070	2,231,015
Long term loan repaid	(275,617)	(2,611,562)
Interest paid	(192,172)	(284,729)
Dividend paid	(152,615)	(93,603)
<b>Cash from / (used in) financing activities</b>	<b>818,874</b>	<b>(816,879)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>191,285</b>	<b>(55,370)</b>
Cash and cash equivalents at the beginning of the period	1,469,635	2,155,358
<b>Cash and cash equivalents at the end of the period</b>	<b>1,660,920</b>	<b>2,099,988</b>
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank excluding fixed deposits of AED 279 million (30 June 2012: AED 100 million) with original maturity of over three months	1,662,676	2,107,734
Bank overdraft	(1,756)	(7,746)
	1,660,920	2,099,988

The notes on pages 8 to 18 form part of these condensed consolidated interim financial statements.

**Condensed consolidated interim statement of changes in equity  
 For the six month period ended 30 June 2012**

In thousands of AED

	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Other Reserves			Attributable to equity holders of the parent	Non-controlling interest	Total
					Hedging reserve	Currency translation reserve	Total other reserves			
At 1 January 2012 (audited)	2,486,729	1,248,249	13,294,689	2,873,903	(284,309)	(155,370)	2,434,224	19,463,891	524,008	19,987,899
<b>Total comprehensive income for the period</b>										
Net profit for the period	-	-	-	927,088	-	-	927,088	927,088	110,984	1,038,072
<b>Other comprehensive income</b>										
Net gain on valuation of land and buildings	-	-	334,689	-	-	-	-	334,689	-	334,689
Deferred tax liability reversed on revaluation of properties	-	-	3,445	-	-	-	-	3,445	-	3,445
Net change in fair value of cash flow hedges	-	-	-	-	(16,523)	-	(16,523)	(16,523)	-	(16,523)
Currency translation differences in foreign operations	-	-	-	-	-	35,665	35,665	35,665	(4,323)	31,342
<b>Total comprehensive income for the period</b>	-	-	338,134	927,088	(16,523)	35,665	946,230	1,284,364	106,661	1,391,025
<b>Transactions with owners recorded directly in equity</b>										
<i>Contribution by and distributions to owners and other movement in equity</i>										
Dividends declared and paid	-	-	-	-	-	-	-	-	(93,603)	(93,603)
Others	-	-	-	(4,172)	-	-	(4,172)	(4,172)	(1,391)	(5,563)
<b>Total contribution by and distribution to owners</b>	-	-	-	(4,172)	-	-	(4,172)	(4,172)	(94,994)	(99,166)
At 30 June 2012 (unaudited)	2,486,729	1,248,249	13,632,823	3,796,819	(300,832)	(119,705)	3,376,282	20,744,083	535,675	21,279,758

The notes on pages 8 to 18 form part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Financial Statements for the six month period ended 30 June 2013

**Condensed consolidated interim statement of changes in equity  
For the six month period ended 30 June 2013**

In thousands of AED

	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Other Reserves			Attributable to equity holders of the parent	Non-controlling interest	Total
					Hedging reserve	Currency translation	Total other reserves			
At 1 January 2013 (audited)	2,486,729	1,355,179	14,051,364	3,907,811	(293,409)	(148,260)	3,466,142	21,359,414	583,273	21,942,687
<b>Total comprehensive income for the period</b>										
Net profit for the period	-	-	-	969,210	-	-	969,210	969,210	68,607	1,037,817
<b>Other comprehensive income</b>										
Net gain on valuation of land and buildings	-	-	298,419	-	-	-	-	298,419	-	298,419
Deferred tax liability charged on revaluation of properties	-	-	(1,881)	-	-	-	-	(1,881)	-	(1,881)
Net change in fair value of cash flow hedges	-	-	-	-	65,511	-	65,511	65,511	-	65,511
Currency translation differences in foreign operations	-	-	-	-	-	(133,413)	(133,413)	(133,413)	1,080	(132,333)
<b>Total comprehensive income for the period</b>	-	-	296,538	969,210	65,511	(133,413)	901,308	1,197,846	69,687	1,267,533
<b>Transactions with owners recorded directly in equity</b>										
<i>Contribution by and distributions to owners and other movement in equity</i>										
Dividends declared and paid	-	-	-	(114,600)	-	-	(114,600)	(114,600)	(78,015)	(192,615)
Acquisition of non controlling interest (note 13)	-	-	-	(2,137,862)	-	-	(2,137,862)	(2,137,862)	(417,316)	(2,555,178)
Others	-	-	-	(52)	-	-	(52)	(52)	(17)	(69)
<b>Total contribution by and distribution to owners</b>	-	-	-	(2,252,514)	-	-	(2,252,514)	(2,252,514)	(495,348)	(2,747,862)
<b>At 30 June 2013 (unaudited)</b>	<b>2,486,729</b>	<b>1,355,179</b>	<b>14,347,902</b>	<b>2,624,507</b>	<b>(227,898)</b>	<b>(281,673)</b>	<b>2,114,936</b>	<b>20,304,746</b>	<b>157,612</b>	<b>20,462,358</b>

The notes on pages 8 to 18 form part of these condensed consolidated interim financial statements.

**Notes to the condensed consolidated interim financial statements****1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal Law No. 8 of 1984 (as amended) as applicable to Commercial Companies.

The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2013 comprises the Company and its subsidiaries (together referred to as "the Group"), and the Group's interest in jointly controlled entities and associates. The principal activities of the Group includes establishment and management of shopping malls, hotels, mixed used projects, residential projects, hypermarkets, supermarkets, retail stores, leisure and investment activities. Majid Al Futtaim Holding LLC is fully owned by Majid Al Futtaim Capital LLC ("the Parent Company").

The registered address of the Group and its Parent is P.O. Box 91100, Dubai, United Arab Emirates.

**2. BASIS OF PREPARATION****a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 - Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the last annual audited consolidated financial statements as at and for the year ended 31 December 2012. These condensed consolidated interim financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2012.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 15 September 2013.

**b) Use of estimates and judgements**

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2012.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual audited consolidated financial statements as at and for the year ended 31 December 2012, except to the extent of the adoption of new standards and amendments described below.



**Notes to the condensed consolidated interim financial statements (continued)****3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

- IFRS 7 (Amendment) Financial Instruments: Disclosures
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 (Amendment) Presentation of financial statements
- IAS 19 (Amendment) Employee Benefits
- IAS 27 (Amendment) Separate Financial Statements
- IAS 28 (Amendment) Investments in Associates and joint ventures
- Annual improvements to IFRS 2009-2011 Cycle.

The adoption of the above set out changes has no material impact on the recognised assets, liabilities and other comprehensive income of the Group, however, results in additional disclosures, the details of which are set out below:

- IFRS 13 disclosure relating to fair value hierarchy has been set out in note 14.2; and
- Amendments to IAS 1 modified the presentation of items of other comprehensive income in the Group's condensed consolidated interim statement of comprehensive income.

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's Financial Risk Management objectives, policies and procedures are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended 31 December 2012.

## Condensed Consolidated Interim Financial Statements for the six month period ended 30 June 2013

## Notes to the condensed consolidated interim financial statements (continued)

## 5. SEGMENT REPORTING

The segment information (based on IFRS) provided to the Board of Directors for the reportable segments for the six month ended period 30 June 2013 are as follows:

Business segments:	Properties		Retail		Ventures		Head Office		Total		Eliminations/ Adjustments		Group (after eliminations)		
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013
	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited	AED '000 Unaudited
Revenue	93,071	99,111	-	-	-	-	257,056	161,710	350,127	260,821	(350,127)	(260,821)	-	-	
Inter-segment	1,630,749	1,429,760	9,207,873	8,373,029	419,681	370,487	1,259	1,455	11,259,562	10,174,731	-	-	10,174,731	10,174,731	
Others	-	-	-	-	25,862	17,967	-	-	25,862	572,019	-	-	572,019	572,019	
Discontinued operations	(162,009)	(213,625)	(15)	(66)	(8,933)	(9,473)	(180,314)	(101,901)	(351,271)	(325,065)	72,284	28,572	(278,987)	(296,493)	
Finance costs	5,537	3,817	31,418	35,638	14	250	248,345	137,774	285,314	177,479	(207,706)	(138,572)	77,608	38,907	
Finance income	(150,387)	(285,185)	(139,445)	(131,461)	(34,782)	(30,289)	(285)	(522)	(324,899)	(447,457)	(155,302)	(14,510)	(480,201)	(461,967)	
Depreciation	7,544	(8,767)	-	-	9,011	7,997	-	-	16,555	(770)	-	-	16,555	(770)	
Share of (loss) / income in joint ventures & associates	-	2,308	18,836	10,135	-	-	-	-	18,836	12,443	-	-	18,836	12,443	
Impairment - net	923,157	743,889	371,465	353,482	21,490	42,304	291,799	164,497	1,607,911	1,304,172	(530,511)	(252,854)	1,077,400	1,051,318	
Profit before tax	(26,826)	(8,095)	(25,802)	(30,016)	-	-	-	-	(52,628)	(38,111)	1,858	(5,567)	(50,770)	(43,478)	
Tax charge - net	135,718	294,263	-	-	-	-	-	-	135,718	294,263	4,814	21,656	140,532	315,919	
Net valuation gain / (loss) on land and buildings	156,518	337,365	-	-	-	-	-	-	156,518	337,365	141,901	(2,676)	298,419	334,689	
Recorded in profit or loss	1,103,254	964,315	456,584	426,142	65,461	71,321	(22,498)	(20,896)	1,602,801	1,448,882	-	-	1,602,801	1,448,882	
Recorded in revaluation reserve	(484,593)	(335,202)	(169,119)	(194,644)	(125,043)	(62,234)	(77)	(79)	(778,832)	(592,154)	-	-	(778,832)	(592,154)	
EBITDA	32,804,034	30,814,956	5,150,424	4,830,166	1,565,329	981,960	12,229,494	10,139,335	51,749,281	46,766,417	(12,780,205)	(8,856,720)	38,969,076	37,929,697	
Capital expenditure	(9,622,096)	(10,023,917)	(4,225,550)	(3,370,715)	(1,318,864)	(861,460)	(8,453,457)	(6,693,024)	(23,719,967)	(20,949,716)	5,213,249	4,962,706	(18,506,718)	(15,987,010)	
Business segments:	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012	
	AED '000 Unaudited	AED '000 Audited	AED '000 Unaudited	AED '000 Audited	AED '000 Unaudited	AED '000 Audited	AED '000 Unaudited	AED '000 Audited	AED '000 Unaudited	AED '000 Audited	AED '000 Unaudited	AED '000 Audited	AED '000 Unaudited	AED '000 Audited	
Total assets	32,804,034	30,814,956	5,150,424	4,830,166	1,565,329	981,960	12,229,494	10,139,335	51,749,281	46,766,417	(12,780,205)	(8,856,720)	38,969,076	37,929,697	
Total liabilities	(9,622,096)	(10,023,917)	(4,225,550)	(3,370,715)	(1,318,864)	(861,460)	(8,453,457)	(6,693,024)	(23,719,967)	(20,949,716)	5,213,249	4,962,706	(18,506,718)	(15,987,010)	

**Notes to the condensed consolidated interim financial statements (continued)**
**6. PROPERTY, PLANT AND EQUIPMENT**

The nature of significant movements during the six month period ended 30 June 2013 is as follows:

	30 Jun 13 AED'000 Unaudited	30 Jun 12 AED'000 Unaudited
Capital expenditure	<u>531,552</u>	<u>385,778</u>
Disposals / write offs	<u>6,417</u>	<u>52,195</u>
Depreciation charge for the period	<u>480,201</u>	<u>461,967</u>
Transferred to investment property	<u>-</u>	<u>(111,000)</u>
Valuation gain		
- recognised in other comprehensive income	<u>298,419</u>	<u>334,689</u>
- recognised in profit or loss	<u>34,208</u>	<u>142,344</u>
	<u>332,627</u>	<u>477,033</u>

**7. INVESTMENT PROPERTY**

The nature of significant movements during the six month period ended 30 June 2013 is as follows:

	30 Jun 13 AED'000 Unaudited	30 Jun 12 AED'000 Unaudited
Capital expenditure	<u>243,663</u>	<u>206,376</u>
Disposals / write offs	<u>7,460</u>	<u>13,893</u>
Transferred from property, plant and equipment	<u>-</u>	<u>111,000</u>
Transferred to development property	<u>-</u>	<u>65,276</u>
Valuation gain recognised in profit or loss	<u>106,324</u>	<u>173,575</u>

**8. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the ultimate parent company, Majid Al Futtaim Capital LLC, its subsidiaries, associates, joint ventures, key management personnel and / or their close family members. Transactions with related parties are carried at agreed terms.

**Notes to the condensed consolidated interim financial statements (continued)**
**8. RELATED PARTY TRANSACTIONS (continued)**
**8.1 Short term loan to a related party:**

	30 Jun 13	31 Dec 12
	AED'000	AED'000
	Unaudited	Audited
At 1 January	99,344	-
Borrowed during the period / year	4,792	99,344
	<b>104,136</b>	<b>99,344</b>

The above loan is unsecured, repayable within the year and carries inter-company agreed interest rates.

**8.2 Balances with related parties are as follows:**

	30 Jun 13	31 Dec 12
	AED'000	AED'000
	Unaudited	Audited
<b>Due from related parties</b>		
The Egypt Emirates Mall Group SAE	31,929	35,130
Aya Real Estate Investment BSC	-	2,983
Yenkit Tourism Development	15,066	15,066
City Centre Essa Town Co. WLL	10,938	10,938
Al Manzar Island Development LLC	6,686	6,686
Arzanah Mall LLC	3,171	3,171
Waterfront City SARL	24,707	24,707
Middle East Hypermarkets LLC	-	76,078
Majid Al Futtain Trust LLC	863	463
Majid Al Futtain Capital LLC	31,209	-
Majid Al Futtain Dalkia Middle East LLC	5,748	3,246
Others	7,674	4,032
	<b>137,991</b>	<b>182,500</b>
Provision for doubtful receivables	<b>(32,623)</b>	<b>(35,670)</b>
	<b>105,368</b>	<b>146,830</b>
<b>Due to related parties</b>		
Carrefour group companies	-	25,111
Majid Al Futtain Capital LLC	2,741	9,399
Majid Al Futtain Dalkia Middle East LLC	5,739	4,555
Others	40,534	37,765
	<b>49,014</b>	<b>76,830</b>

**Notes to the condensed consolidated interim financial statements (continued)**
**8. RELATED PARTY TRANSACTIONS (continued)**
**8.3 Short term loan from a related party:**

	<b>30 Jun 13</b>	31 Dec 12
	<b>AED'000</b>	AED'000
	<b>Unaudited</b>	Audited
At 1 January	177,000	303,000
Borrowed during the period / year	221,600	131,000
Repaid during the period / year	(209,600)	(257,000)
	<b>189,000</b>	<b>177,000</b>

The above loan is obtained from the Parent Company, against a loan facility of AED 500 million, at a margin of 0.5% per annum over EIBOR renewable every year with a final maturity of four years commencing from 2011.

**8.4 Receivable from a joint venture:**

As at the reporting date, Sharjah Holding Company PJSC, owes the Group an amount of AED 81.5 million which is not expected to be repaid within the next twelve months and accordingly has been classified as non-current. This amount includes AED 21.5 million which has been reclassified from investment in joint venture during the current period.

**8.5 Compensation to key management personnel:**

The aggregate compensation of key management personnel of the Group's entities, including non-executive directors is disclosed as follows:

	<b>30 Jun 13</b>	30 Jun 12
	<b>AED'000</b>	AED'000
	<b>Unaudited</b>	Unaudited
<b>Compensation to key management personnel</b>		
Director's fees and expenses	5,971	5,466
Employee benefits (salaries and allowances including provision for bonus)	30,584	30,512
Terminal benefits (provision for end of service benefits)	1,055	927
	<b>37,610</b>	<b>36,905</b>

**Notes to the condensed consolidated interim financial statements (continued)**
**9. DISCONTINUED OPERATIONS**
**9.1 Subsidiary held for sale:**

On 30 June 2013, the Group entered into a Share Sale and Purchase Agreement (SPA) to sell its 60% shareholding in MAF ORIX Finance PJSC, a company engaged in leasing of movable assets at a sale consideration of AED 154.5 million. Based on the terms and conditions of the SPA, the sale transaction was completed in July 2013. As at 30 June 2013, the details of the assets and liabilities of the subsidiary held for sale are as follows:

	<b>30 Jun 13</b>
	<b>AED'000</b>
	<b>Unaudited</b>
<b>Assets</b>	
Net investment in finance lease	475,544
Property, plant and equipment	1,027
Cash and cash equivalents	876
Other assets	1,312
	<b>478,759</b>
<b>Liabilities</b>	
Long term loans (note 10)	(245,546)
Current liabilities	(15,405)
	<b>(260,951)</b>
<b>Net Assets</b>	<b>217,808</b>
Share of non-controlling interest	87,123
Group's share	130,685
<b>Net Assets</b>	<b>217,808</b>

**9.2 Other discontinued operations:**

This represents the profit relating to the operations of the Group in Syria and Iran which were transferred to the Parent Company at their carrying values in the previous year, subsequent to 30 June 2012.

**10. LONG TERM LOANS**

	<b>30 Jun 13</b>	<b>31 Dec 12</b>
	<b>AED'000</b>	<b>AED'000</b>
	<b>Unaudited</b>	<b>Audited</b>
At 1 January	9,551,497	9,649,168
Borrowed during the period / year	1,432,070	5,156,696
Transfer to liabilities classified as held for sale (note 9.1)	(245,546)	-
Fair value movement (note 10.7)	(28,931)	3,326
Repaid during the period / year	(275,617)	(5,257,693)
Closing balance	10,433,473	9,551,497
Less: Current maturity of long term loans	(1,842,788)	(720,403)
<b>Non-current portion</b>	<b>8,590,685</b>	<b>8,831,094</b>

**Notes to the condensed consolidated interim financial statements (continued)**
**10. LONG TERM LOANS (continued)**

10.1 The details of the loans are set out below:

Loan facility '000	Repayment Interval	Repayment Commencement	Maturity date	Note	30 June 13 AED '000 Unaudited
USD 33,000	Semi-annual	08-Mar-10	08-Sep-13	10.3	12,491
USD 55,000	Annual	30-Jul-15	30-Jan-22	10.4	191,353
LBP 180,000,000	Annual	30-Jul-15	30-Jan-22	10.4	379,429
USD 290,000	Semi-annual	31-May-13	30-Nov-16		502,174
AED 225,000	Semi-annual	1-Sep-13	29-Mar-21	10.5	225,000
USD 200,000	Semi-annual	30-Apr-13	31-Oct-15		624,283
EGP 146,400	Semi-annual	26-Jun-11	26-Jun-14		21,291
USD 400,000	Bullet	NA	07-Feb-17	10.6	1,469,200
USD500,000	Bullet	NA	5-Jul-19	10.7	1,803,332
USD 95,000	Quarterly	31-Oct-09	31-Jul-13		18,365
AED 300,000	Semi-annual	6-Sep-09	6-Mar-15		100,000
AED 275,000	Quarterly	24-Apr-11	25-Oct-14		154,582
AED 193,000	Annual	21-Jun-13	21-Jun-17		179,828
USD 500,624	Semi-annual	30-Sep-17	30-Sep-21		1,838,892
AED 615,228	Semi-annual	21-Jul-14	21-Jul-16		199,693
USD 832,500	Semi-annual	21-Jul-14	21-Jul-16		971,565
USD 208,000	Quarterly	15-Nov-11	15-Aug-14		530,797
AED 390,000	Bullet	NA	18-Sep-13		215,000
AED 166,000	Bullet	NA	18-Sep-13		166,000
USD 226,931	Bullet	NA	18-Sep-13		830,198
<b>Total</b>					<b>10,433,473</b>

- 10.2 From the above loans, the floating rate loans carry margins ranging from 1% to 3.5% (30 June 2012: 1.0% to 3.5%) over the base lending rate, while financing arrangements carrying fixed rate ranges from 5.25% to 5.85% (30 June 2012: 5.85% to 6.5%). For loans obtained in the UAE, the base lending rate used is generally EIBOR/LIBOR. For loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.
- 10.3 The loan facility of a subsidiary in Egypt amounting to USD 33 million is secured by way of bank guarantees.
- 10.4 These loan facilities were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which a shopping mall is constructed and the assignment of lease rentals of the shopping mall.
- 10.5 The loan facility is secured by way of a first degree mortgage over land and building of a shopping mall in UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

**Notes to the condensed consolidated interim financial statements (continued)**
**10. LONG TERM LOANS (continued)**

- 10.6 In February 2012, Group issued Sukuk certificates under its USD 1 billion Sukuk program, raising USD 400 million (AED 1,469 million).

The Sukuk program is structured as a "Wakala". The 5 year senior unsecured bonds issued under this program are listed on the London Stock Exchange. The terms of the arrangement include transfer of legal ownership of certain identified assets (the "Wakala assets") of the Group to a Special Purpose Vehicle, MAF Sukuk Ltd. (the "Issuer"), formed for the issuance of bonds. In substance, the Wakala assets remain in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets. The Sukuk certificates mature during February 2017.

These bonds bear a fixed profit rate payable to the investors at the rate of 5.85% per annum on a semi-annual basis. The Issuer will service the profit from returns generated from the Wakala assets.

- 10.7 In July 2012, the Group issued seven year fixed rate unsecured bonds under its USD 2 billion Global Medium Term Note Program, raising USD 500 million (AED 1,839 million). These bonds are listed on the London Stock Exchange and carry a coupon rate of 5.25% per annum, payable every six months. An amount of USD 200 million is hedged by financial derivatives and accordingly, carried at fair value.

**11. DEFERRED TAX LIABILITIES**

	30 Jun 13	31 Dec 12
	AED'000	AED'000
	Unaudited	Audited
At 1 January	117,075	111,039
Charged to profit or loss	4,912	16,572
Charged to equity	1,881	757
Reversed during the period / year	-	(6,650)
Foreign currency translation difference	(11,753)	(4,643)
	<b>112,115</b>	<b>117,075</b>

- 11.1 Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains/losses on the Group's properties in Egypt and Lebanon. The tax rates at these countries are 20% (2012: 20%) and 15% (2012: 15%) respectively.

**12. REVENUE**

	30 Jun 13	30 Jun 12
	AED'000	AED'000
	Unaudited	Unaudited
Sales	8,422,696	7,668,646
Listing fees, gondola fees and commissions	781,861	685,924
Rental income	1,175,676	1,070,856
Leisure and entertainment	369,426	293,739
Hospitality revenue	333,658	265,248
Fashion goods	116,198	127,581
Others	60,047	62,737
	<b>11,259,562</b>	<b>10,174,731</b>



**Notes to the condensed consolidated interim financial statements (continued)**
**13. ACQUISITION OF NON-CONTROLLING INTEREST**

On 18 June 2013, the Group entered into a Share Sale and Purchase Agreement with Carrefour France S.A. and Carrefour Nederland B.V. (collectively referred to as the “minority shareholders”) to purchase the remaining 25% share capital of MAF Hypermarkets LLC held by the minority shareholders thereby increasing the Group’s ownership interest from 75% to 100%. The Group paid a total consideration amounting to AED 2,555 million. The carrying amount of MAF Hypermarkets LLC’s net assets on acquisition was AED 417 million. Accordingly, the excess of the consideration over the net assets acquired, amounting to AED 2,138 million, was recorded within equity as a decrease in retained earnings.

**14. FINANCIAL INSTRUMENTS**
**14.1 Fair values**

The fair value of the Group’s financial assets and liabilities are not materially different from their carrying amounts.

**14.2 Fair value hierarchy**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

		Valuation based on		
		Quoted market prices	Observable inputs	Significant unobservable inputs
<b>30 June 2013</b>	Carrying amount AED '000 Unaudited	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000
<b>Financial assets</b>				
Derivatives held for interest rate risk management	4,706	-	4,706	-
Equities held at fair value through profit and loss	5,000	-	5,000	-
	<b>9,706</b>	<b>-</b>	<b>9,706</b>	<b>-</b>
<b>Financial liabilities</b>				
Derivatives held for interest rate risk management	279,631	-	279,631	-
	<b>279,631</b>	<b>-</b>	<b>279,631</b>	<b>-</b>
<b>31 December 2012</b>	Carrying amount AED '000 Audited	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000
<b>Financial assets</b>				
Derivatives held for interest rate risk management	6,394	-	6,394	-
Equities held at fair value through profit and loss	5,000	-	5,000	-
	<b>11,394</b>	<b>-</b>	<b>11,394</b>	<b>-</b>
<b>Financial liabilities</b>				
Derivatives held for interest rate risk management	306,786	-	306,786	-
	<b>306,786</b>	<b>-</b>	<b>306,786</b>	<b>-</b>

**Notes to the condensed consolidated interim financial statements (continued)**
**15. FUNDING AND LIQUIDITY MANAGEMENT**

The Group's approach to managing funding and liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's funding needs as at 30 June 2013 are summarized below:

At 30 June 2013, the Group has net current liabilities of AED 3,381 million (2012: AED 1,296 million) which includes debt maturing in the short-term of AED 2,032 million (2012: AED 720 million). Further, at 30 June 2013 debt maturing in the long term is AED 8,591 million (2012: AED 8,831 million). Furthermore, from 1 July 2013 to 30 June 2014, the Group expects to incur interest cost of AED 701 million and capital expenditure of AED 4,893 million.

The Group continuously monitors the level of its expected cash inflows and outflows. To manage the funding positions the Group, as at 30 June 2013, has undrawn facilities amounting AED 5,214 million, cash in hand of AED 1,941 million and it expects to generate cash from operations of approximately AED 4,171 million in the next year. On the basis of this, the management believes that the Group will be able to meet its funding requirement as and when due.

**16. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS**

	<b>30 Jun 13</b>	31 Dec 12
	<b>AED'000</b>	AED'000
	<b>Unaudited</b>	Audited
Capital commitments	2,761,557	2,562,650
Letter of credits	5,713	950
Corporate guarantees	179,598	138,000

**17. SUBSEQUENT EVENT**

Subsequent to the reporting date, Egypt was affected by a political uprising which may have resulted in turbulence in the real estate markets. This may potentially affect the valuation of the property portfolio in the future. This is not considered to be an adjusting subsequent event and hence does not have any impact on these condensed consolidated interim financial statements.

**18. COMPARATIVES**

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