Majid Al Futtaim Holding LLC
Consolidated Financial Statements
For the year ended 31 December 2014

Table of Content

Directors' report

The Directors' report and the audited consolidated financial statements of Majid Al Futtaim Holding LLC and its subsidiaries (collectively referred to as "the Group"), are presented for the year ended 31 December 2014. The consolidated financial statements were prepared by the management. The Board of Directors took responsibility for fairly presenting them in accordance with the applicable financial reporting framework and gave clearance for issuance of the financial statements on 28 March 2014.

Activities

Majid Al Futtaim is the leading shopping mall, retail and leisure pioneer across the Middle East and North Africa (MENA). Through its three subsidiaries Properties, Retail and Ventures the Group:

- owns and operates 13 shopping malls and 11 hotels in MENA, including City Centre malls, Mall of the Emirates and first 'My City Centre' in the UAE, with further developments underway in the region.
- operates a portfolio of 58 hypermarkets, 69 supermarkets and 1convenience store, across 12 countries as part of its exclusive rights to the Carrefour franchise in 38 markets across Middle East, Africa and Central Asia.
- operates 129 VOX Cinema screens and 17 Magic Planets across the region in addition to iconic leisure and entertainment facilities such as Ski Dubai, iFly Dubai and a LEGO® certified store among others. Also, Majid Al Futtaim is parent to the consumer finance company issuing 'Najm' credit cards, a fashion retail business and a healthcare business. In addition, it also has a joint venture operation with Dalkia, a partnership in food & beverage with Gourmet Gulf and recently acquired a stake in BEAM Wallet, a mobile commerce and rewards platform.

Significant developments

During 2014, Majid Al Futtaim has successfully launched its first convenience retail store in the UAE, 2 hypermarkets and 16 supermarkets in various countries, 3 cinema sites (37 screens), 1 family entertainment sites and introduced the first LEGO® certified store in the Middle East in Abu Dhabi.

Financial Results

Majid Al Futtaim's revenue for the year 2014 was AED 25,224 million, an 11% increase over 2013 revenue of AED 22,696 million.

- Like-for-like growth in Retail business by 4%
- Higher rents from existing malls and improved hotels RevPAR
- Increased cinema admissions, higher magic planet transactions and growth in cards in force
- Higher revenue from new openings

EBITDA is considered to be a key measure of Group's operating performance and cash generation. It is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization impairment and other exceptional items of charges or credits that are one-off in nature and significance. In 2014, EBITDA has increased by 9.5% to AED 3,586 million (2013: AED 3,275 million). Properties business being the major contributor (66% in 2014), has grown by 7%, Retail business (contributing 32%) grew by 17% over 2013.

Net Profit from continuing operations increased by 32% to AED 2,567 million (2013: AED 1,937 million) on account of growth in EBITDA and higher revaluation gains on properties classified as investment properties.

Dividend

In the current year, the Company declared a dividend of AED 215 million (2013: AED 255 million).

Directors

The following comprise the Board of Directors:

Sir Michael Rake (Chairman)
Khalifa Mohamed Sulaiman (Deputy Chairman)
Tariq Al Futtaim
Alain Bejjani (since February 2015)
V. Shankar
Ian Davis
Iyad Malas (up to end January 2015)
Basel Noman Ahmed (up to end December 2014)

Auditors

A resolution to re-appoint KPMG as auditors of Majid Al Futtaim Holding LLC shall be proposed at the forthcoming Board meeting.

By the order of the Board

Company Secretary

KPMG Lower Gulf Limited
P.O.Box 341145
Level 12, IT Plaza
Dubai Silicon Oasis
Dubai
United Arab Emirates

Telephone +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
Website: www.ae-kpmg.com

Independent Auditors' Report

The Shareholders
Majid Al Futtaim Holding LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Majid Al Futtaim Holding LLC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Independent auditors' report (continued)

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; a physical count of inventories was carried out by management in accordance with established principles; and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG

KPMG Lower Gulf Limited
Date:

28 MAR 2015

Consolidated statement of financial position
At 31 December

	Note	2014 AED '000	2013 AED '000
Non-current assets			
Property, plant and equipment	6	**23,525,929**	21,601,020
Investment properties	7	**14,280,456**	12,098,363
		37,806,385	33,699,383
Investments	9	**1,248,117**	1,192,178
Long term receivable from related parties	17.1	**79,779**	70,899
Intangible assets	10	**103,997**	118,669
Deferred tax assets	11	**32,317**	25,842
Other non-current assets	12	**478,367**	533,150
		1,942,577	1,940,738
Total non-current assets		**39,748,962**	35,640,121
Current assets			
Development properties	8	**797,771**	76,105
Inventories	13	**1,503,026**	1,261,836
Trade and other receivables	14	**1,383,844**	1,077,732
Due from related parties	17.4	**140,576**	97,810
Cash in hand and at bank	15	**1,049,887**	1,300,088
		4,875,104	3,813,571
Current liabilities			
Trade payables, other liabilities and provisions	16	**6,952,602**	6,325,490
Short term loan from a related party	17.2	**1,390**	118,500
Due to related parties	17.5	**37,332**	49,128
Bank overdraft	18	**34,980**	32,661
Current maturity of long term loans	19	**2,681,205**	1,529,679
		9,707,509	8,055,458
Net current liabilities		**(4,832,405)**	(4,241,887)
Non-current liabilities			
Long term loans	19	**6,333,458**	6,684,838
Long term loan from a related party	17.3	**6,855**	6,761
Deferred tax liabilities	20	**97,397**	97,413
Other long term liabilities and provisions	21	**555,542**	445,561
Total non-current liabilities		**6,993,252**	7,234,573
Net assets		**27,923,305**	24,163,661
Equity			
Share capital	22	**2,486,729**	2,486,729
Statutory reserve		**1,729,271**	1,521,682
Revaluation reserve		**16,762,720**	15,458,100
Other reserves		**4,809,712**	2,797,164
Total equity attributable to the owners of the Company		**25,788,432**	22,263,675
Hybrid equity instrument	23	**1,825,935**	1,825,935
Non-controlling interests		**308,938**	74,051
Total equity		**27,923,305**	24,163,661

By order of the Board on 28 March 2015:

Majid Al Futtaim Holding LLC
Chief Executive Officer

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.
The report of the independent auditors' is set out on pages 3 and 4.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December

	Note	2014 AED '000	2013 AED '000
Continuing operations			
Revenue	25	**25,223,601**	22,696,460
Cost of sales		**(17,170,248)**	(15,437,289)
Operating expenses	26	**(5,465,582)**	(4,946,726)
Finance costs	27	**(596,607)**	(635,808)
Finance income	28	**182,605**	105,673
Other expenses - net	29	**(130,409)**	(43,555)
Impairment (charge)/reversals - net	30	**(200,884)**	17,222
Share of profit in joint ventures and associates - net	9	**58,662**	35,141
Profit before valuation gain on land and buildings		**1,901,138**	1,791,118
Valuation gain on land and buildings - net	7.1	**767,167**	217,252
Profit before tax		**2,668,305**	2,008,370
Tax charge - net	31	**(100,881)**	(71,048)
Profit after tax for the year from continuing operations		**2,567,424**	1,937,322
Discontinued operations			
Profit from discontinued operations	32	**-**	33,983
Profit for the year		**2,567,424**	1,971,305
Profit for the year attributable to:			
- Owners of the Company		**2,548,754**	1,899,169
- Non-controlling interests		**18,670**	72,136
Profit for the year		**2,567,424**	1,971,305
Comprehensive income:			
Profit for the year		**2,567,424**	1,971,305
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Valuation gain on land and buildings - net	6.1	**1,308,147**	1,404,709
Deferred tax liability (charged)/reversed on revaluation of land and buildings		**(3,527)**	2,027
		1,304,620	1,406,736
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		**(29,458)**	(102,512)
Foreign currency translation reserve transferred to profit or loss on disposal of subsidiaries		**-**	(11,071)
Net change in fair value of cash flow hedges	27.2	**47,399**	105,465
		17,941	(8,118)
Total other comprehensive income for the year		**1,322,561**	1,398,618
Total comprehensive income for the year		**3,889,985**	3,369,923
Total comprehensive income for the year attributable to:			
- Owners of the Company		**3,870,608**	3,296,707
- Non-controlling interests		**19,377**	73,216
Total comprehensive income for the year		**3,889,985**	3,369,923

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.
The report of the independent auditors' is set out on pages 3 and 4.

Consolidated statement of cash flows
For the year ended 31 December

	Note	2014 AED '000	2013 AED '000
Cash flows from operating activities			
Profit for the year after tax		**2,567,424**	1,971,305
Adjustments:			
Finance income	28	**(182,605)**	(105,673)
Net valuation gain on land and building	7.1	**(767,167)**	(217,252)
Finance costs	27	**596,607**	635,808
Depreciation	6	**1,056,406**	955,552
Tax charge - net	31	**100,881**	71,048
Amortisation		**25,904**	22,847
Share of gain in joint ventures and associates		**(58,662)**	(35,141)
Impairment charge/(reversal) - net	30	**200,884**	(17,222)
Provision for staff terminal benefits		**89,356**	90,962
Reclassification of currency translation differences on disposal of subsidiaries		**-**	(11,071)
		3,629,028	3,361,163
Changes to working capital			
Inventories		**(241,190)**	(296,035)
Trade and other receivables		**(199,653)**	(520,656)
Trade and other payables		**792,381**	733,829
Due from/to related parties - net		**(54,562)**	(42,157)
Tax paid		**(74,038)**	(49,915)
Payment of staff terminal benefits		**(34,207)**	(22,135)
		188,731	(197,069)
Net cash generated from operating activities		**3,817,759**	3,164,094
Cash flow from investing activities			
Acquisition of non-controlling interest - net		**-**	(2,555,178)
Acquisition of property, plant and equipment, investment property and development property		**(3,874,647)**	(2,191,283)
Proceeds from sale of property, plant and equipment and investment properties		**35,167**	14,128
Proceeds from disposal of non-controlling interest - net		**-**	153,258
Proceeds from sale of bonds		**-**	92,713
Proceeds from currency forward contracts		**-**	44,043
Investment in joint ventures and associates		**(29,212)**	(45,721)
Investment in finance leases		**-**	(92,581)
Encashment in fixed deposits		**78,405**	1,161,098
Cash transferred on disposal of subsidiaries		**-**	(876)
Payments against intangible assets		**(2,016)**	(5,398)
Dividend received		**28,568**	17,026
Finance income received		**64,451**	45,854
Net cash used in investing activities		**(3,699,284)**	(3,362,917)

Consolidated statement of cash flows (continued)
For the year ended 31 December

	Note	2014 AED '000	2013 AED '000
Cash flow from financing activities			
Short term loan repaid by a related party		**-**	99,344
Short term loan granted by a related party		**437,000**	313,600
Short term loan repaid to a related party		**(554,110)**	(372,100)
Long term loans received		**7,344,040**	3,502,274
Long term loans repaid		**(6,621,695)**	(4,567,982)
Issuance of hybrid equity instrument - net		**-**	1,825,935
Finance cost paid		**(551,974)**	(559,646)
Coupon paid on Hybrid equity		**(130,851)**	-
Dividend paid		**(215,000)**	(332,615)
Net cash used in financing activities		**(292,590)**	(91,190)
Net decrease in cash and cash equivalents		**(174,115)**	(290,013)
Cash and cash equivalents at the beginning of the year		**1,179,622**	1,469,635
Cash and cash equivalents at the end of the year		**1,005,507**	1,179,622
Cash and cash equivalents comprise:			
Cash in hand and at bank	15	**1,040,487**	1,212,283
Bank overdraft	18	**(34,980)**	(32,661)
		1,005,507	1,179,622

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

The report of the independent auditors' is set out on pages 3 and 4.

Consolidated statement of changes in equity
For the year ended 31 December
In thousands of AED

	Attributable to equity share holders of the Company										
				Other reserves							
	Share capital	Revaluation reserve	Statutory reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total other reserves	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2013	**2,486,729**	**14,051,364**	**1,355,179**	**3,907,811**	**(293,409)**	**(148,260)**	**3,466,142**	**21,359,414**	**-**	**583,273**	**21,942,687**
Total comprehensive income for the year											
Net profit for the year	-	-	-	1,899,169	-	-	1,899,169	1,899,169	-	72,136	1,971,305
Other comprehensive income											
Net gain on valuation of land and buildings (note 6.1)	-	1,404,709	-	-	-	-	-	1,404,709	-	-	1,404,709
Deferred tax liability arising on revaluation on land and buildings	-	2,027	-	-	-	-	-	2,027	-	-	2,027
Net change in fair value of cash flow hedges (note 27.2)	-	-	-	-	105,465	-	105,465	105,465	-	-	105,465
Currency translation differences in foreign operations	-	-	-	-	-	(114,663)	(114,663)	(114,663)	-	1,080	(113,583)
Total comprehensive income for the year	**-**	**1,406,736**	**-**	**1,899,169**	**105,465**	**(114,663)**	**1,889,971**	**3,296,707**	**-**	**73,216**	**3,369,923**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividends declared and paid	-	-	-	(254,600)	-	-	(254,600)	(254,600)	-	(78,015)	(332,615)
Acquisition of non-controlling interest (note 24)	-	-	-	(2,137,846)	-	-	(2,137,846)	(2,137,846)	-	(417,332)	(2,555,178)
Disposal of non-controlling interest	-	-	-	-	-	-	-	-	-	(87,091)	(87,091)
Transfer to statutory reserve	-	-	166,503	(166,503)	-	-	(166,503)	-	-	-	-
Total contribution by and distribution to owners	**-**	**-**	**166,503**	**(2,558,949)**	**-**	**-**	**(2,558,949)**	**(2,392,446)**	**-**	**(582,438)**	**(2,974,884)**
Issuance of hybrid equity instrument (note 23)	-	-	-	-	-	-	-	-	1,825,935	-	1,825,935
At 31 December 2013	**2,486,729**	**15,458,100**	**1,521,682**	**3,248,031**	**(187,944)**	**(262,923)**	**2,797,164**	**22,263,675**	**1,825,935**	**74,051**	**24,163,661**

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
For the year ended 31 December
In thousands of AED

	Attributable to equity share holders of the Company										
				Other reserves							
	Share capital	**Revaluation reserve**	**Statutory reserve**	**Retained earnings**	**Hedging reserve**	**Currency translation reserve**	**Total other reserves**	**Total equity**	**Hybrid equity instrument**	**Non-controlling interests**	**Total**
At 1 January 2014	**2,486,729**	**15,458,100**	**1,521,682**	**3,248,031**	**(187,944)**	**(262,923)**	**2,797,164**	**22,263,675**	**1,825,935**	**74,051**	**24,163,661**
Total comprehensive income for the year											
Net profit for the year	-	-	-	2,548,754	-	-	2,548,754	2,548,754	-	18,670	2,567,424
Other comprehensive income											
Net gain on valuation of land and buildings (note 6.1)	-	1,308,147	-	-	-	-	-	1,308,147	-	-	1,308,147
Deferred tax liability arising on revaluation on land and buildings	-	(3,527)	-	-	-	-	-	(3,527)	-	-	(3,527)
Net change in fair value of cash flow hedges (note 27.2)	-	-	-	-	47,399	-	47,399	47,399	-	-	47,399
Currency translation differences in foreign operations	-	-	-	-	-	(30,165)	(30,165)	(30,165)	-	707	(29,458)
Total comprehensive income for the year	**-**	**1,304,620**	**-**	**2,548,754**	**47,399**	**(30,165)**	**2,565,988**	**3,870,608**	**-**	**19,377**	**3,889,985**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividends declared and paid	-	-	-	(215,000)	-	-	(215,000)	(215,000)	-	-	(215,000)
Increase in non-controlling interest by way of land contribution	-	-	-	-	-	-	-	-	-	215,510	215,510
Transfer to statutory reserve	-	-	207,589	(207,589)	-	-	(207,589)	-	-	-	-
Total contribution by and distribution to owners	**-**	**-**	**207,589**	**(422,589)**	**-**	**-**	**(422,589)**	**(215,000)**	**-**	**215,510**	**510**
Coupon paid on hybrid equity instrument (note 23)	-	-	-	(130,851)	-	-	(130,851)	(130,851)	-	-	(130,851)
At 31 December 2014	**2,486,729**	**16,762,720**	**1,729,271**	**5,243,345**	**(140,545)**	**(293,088)**	**4,809,712**	**25,788,432**	**1,825,935**	**308,938**	**27,923,305**

The notes on pages 11 to 50 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

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 principal activity of the Company is to invest in subsidiaries that are involved in establishing, investing in and managing commercial projects. The activities of its subsidiaries are the establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, credit cards operations, leasing and investment activities. The Company and its subsidiaries are collectively referred to as "the Group". The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS(s)") and the requirements of the UAE Federal Law No. 8 of 1984 (as amended), and the relevant laws applicable to the various entities comprising the Group.

These consolidated financial statements were authorized for issue by the Board of Directors on 28 March 2015.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured at fair value:

- Investment properties
- Certain classes of property, plant and equipment
- Certain non-derivative financial instruments at fair value through profit or loss
- Derivative financial instruments

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency, and are rounded to the nearest thousand except wherever stated otherwise.

(d) Use of estimates and judgments

In preparing the consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have most significant effect on the amounts recognized in these consolidated financial statements are set out in he respective notes and are summarized in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except to the extent of the adoption of new standards and amendments described below. The Group has adopted the following new standards and amendments to the standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014:

- IAS 32 (Amendment) Financial Instruments: Presentation
- IAS 36 (Amendment) Impairment of assets
- IAS 39 (Amendment) Financial instruments: Recognition and measurement

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The adoption of the above set out changes have no material impact on the recognized assets, liabilities and other comprehensive income of the Group. Other standards, amendments and interpretations which are effective for financial year beginning on 1 January 2014 are neither relevant nor material to the Group.

New standards and interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been early adopted in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

• IFRS 9, 'Financial instruments', effective from 1 January 2018.
• IFRS 15, 'Revenue from contracts with customers', effective from 1 January 2017.

Management is currently assessing the impact of these new standards, amendments to standards and interpretations and amendments to published standards on its consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of the Group for the year ended 31 December 2014.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value on the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The accounting policies of subsidiaries have been changed, where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Interests in equity-accounted investees: Associates and Joint ventures

The Group's interest in equity accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has join control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The financial statements of the Group's associates or joint ventures are prepared using consistent accounting policies. Wherever necessary, adjustments are made to bring accounting policies in line with those of the Group.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Interests in other entities

The Group does not hold any ownership interest in MAF Sukuk Ltd. (limited liability company incorporated in the Cayman Islands) which is a structured entity. However, based on the terms of the agreement under which this entity is established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct the entity's activities that most significantly affect these returns. MAF Sukuk Ltd. has issued Sukuk Certificates which are listed on London Stock Exchange.

Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established.

The Group applies the book value measurement method to all common control transactions. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Parent Company's consolidated financial statements. The components of other comprehensive income of the acquired entities are added to the same components within Group's other comprehensive income. Any gain/loss arising is recognized directly in equity.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-resale, if earlier.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative year.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in full in preparing these consolidated financial statements. Unrealized gains arising from transactions with jointly controlled entities and associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the respective functional currencies of the Group's entities at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into functional currency at the exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to functional currency at the exchange rates ruling at the dates when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies, which are measured in terms of historical cost, are translated into functional currency at the exchange rates ruling at the date of the transaction.

Foreign exchange differences arising on the translation of non-monetary assets and liabilities carried at fair value are recognized in profit or loss. Foreign exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income are recognized directly in other consolidated statement of comprehensive income.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the foreign exchange rates at the reporting date. Share capital is translated at historical rate. The income and expenses of foreign operations are translated at average rates of exchange for the year. Foreign exchange differences arising on retranslation are recognized directly in other comprehensive income, and are presented in currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed-off partially or in its entirety such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the currency translation reserve in equity.

(c) Property, plant and equipment

Recognition and measurement

Developed properties (land and buildings) mainly comprising hotels, shopping malls and offices are initially recognized at cost. Subsequent to initial recognition, these are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

Land on which development work has started with the intention of constructing property, plant and equipment is fair valued at the date when significant development commences. During the construction period, land is held at its carrying value and development expenditure is carried at cost less any impairment losses. Upon completion of construction, the entire property (land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. 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, costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are put to use. Depreciation is charged to profit or loss so as to write off the cost/revalued amounts in equal installments over their estimated useful lives, except land which is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Depreciation *(continued)*

Category of assets	*Estimated useful life*
Buildings	4 - 50 years
Motor vehicles	4 years
Furniture, fixtures and equipment	3 - 15 years

Depreciation methods, remaining useful lives of assets and residual values are reviewed at each reporting date and adjusted if appropriate.

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful life of the respective building structure which ranges from 35 to 50 years.

Revaluation reserve

Any increase in value arising on the revaluation of developed properties is credited to revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of properties is charged to profit or loss except to the extent that it reverses a previously recognized revaluation gain on the property in which case it is debited to revaluation reserve in equity.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in revaluation reserve is transferred directly to retained earnings.

(d) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Borrowing costs and other overheads directly attributable to the projects are included as costs until completion thereof. Where development work is carried out on land owned by the Group, the carrying value of the land is included under capital work in progress.

Capital work in progress for properties that are being constructed with an intention of building an investment property is carried at fair value.

For other properties that are developed with an intention of constructing an owner occupied property, both the capital expenditure and land are carried at cost, less impairment, if any, until the property is fully developed.

Development expenses are capitalized after successful initial feasibility is conducted and before a site is acquired, subject to an approved budget and formal sign-off of a summary scoping document by management. These development costs are shown as assets under capital work in progress.

Development costs carried forward are reviewed in subsequent periods to ensure that circumstances have not changed such that the criteria for capitalization still holds good. However in circumstances where the criteria has changed, the costs are written-off or provided for to the extent they are believed to be irrecoverable. Regardless of the foregoing, if management has not obtained the Company’s Board of Directors approval to proceed to the next development Gateway within 24 months after its inception, the project will be deemed impaired and the full accumulated work in progress balance of that project (excluding land value, if land has been acquired) will be written off and charged to profit or loss.

(e) Investment property

Investment properties are properties held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, shopping malls and properties being constructed for future use as investment property, is stated at fair value at the reporting date.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment property (continued)

Where the fair value of an investment property under development is not reliably determinable, such property is carried at the book value of the land and any development cost incurred to date, less any impairment losses, until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Reclassification

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement at transfer date is recognized in equity. Any loss is recognized immediately in profit or loss except to the extent that it reverses a previously recognized revaluation gain on the same property in which case it is debited to equity. The amount recognized in equity on such property remains within equity until the property is disposed-off or withdrawn from use at which point the amount remaining in equity is transferred directly to retained earnings.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost. Change in fair value up to the date of reclassification is recognized directly in profit or loss.

De-recognition

An investment property is derecognized when it is either disposed off or permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period in which the property is derecognized.

(f) Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development properties. These are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of development property is determined on the basis of the cost of land plus construction costs incurred and includes borrowing costs capitalized.

When the use of a property changes such that it is reclassified as a development property from investment property, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalization of borrowing costs continues until the assets are ready for the intended use. The capitalization rate is arrived at by reference to either the actual rate payable on specific borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, the overall effective borrowing rate for the Group. Borrowing costs that do not meet the criteria of capitalization are recognized as expenses in the period in which they are incurred.

(h) Financial instruments

Classification

A financial instrument is any contract that gives rise to both a financial asset of the Group and a financial liability or equity instrument for another party. The Group principally classifies its financial assets at initial recognition in the following categories:

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Classification *(continued)*

Financial assets at fair value through profit or loss: This category has the following two sub-categories; financial assets held for trading or designated to be fair valued through profit or loss at inception. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These arise when the Group provides money directly to the counterparty with no intention of trading the receivable.

Initial recognition
Purchases and sales of investment securities are recognized on the trade date which is the date on which the Group commits to purchase or sell the securities. Loans and advances are recognized when cash is advanced to the counter party. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less impairment allowances, if any. Gains and losses arising from changes in the fair value of the investments in the fair value through profit or loss category are included in profit or loss in the period in which they arise.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all the risks and rewards of ownership. A financial liability is derecognized when its contractual obligation is discharged, cancelled or expired.

(i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets measured at amortized cost the reversal is recognized in the profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments

Classification

The Group uses derivative instruments for risk management purposes to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVPL – financial assets held for trading" financial instruments.

Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

The positive mark to market values (unrealised gains) of derivative financial instruments is included in assets. While, the negative mark to market values (unrealised losses) of derivative financial instruments is included in liabilities.

Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as held for trading are taken to profit or loss.

Hedging instruments

When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the change in the fair value of recognized assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognized asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow hedge provided certain criteria are met.

Hedge documentation

At the inception of the hedge, formal documentation of the hedge relationship must be established. The hedge documentation prepared at the inception of the hedge must include a description of the following:

- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- The method the Group will adopt to assess the effectiveness of the hedging relationship on an ongoing basis.

Hedge effectiveness testing

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge are within a range of 80 to 125 percent.

In case of a cash flow hedge, prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in profit or loss, along with changes in the fair value of the assets, liabilities or group thereof that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in hedge reserve. Any change in fair value relating to an ineffective portion is recognized immediately in profit or loss.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments (continued)

Discontinuance of hedge accounting

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Hedges that do not qualify for hedge accounting

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to profit or loss.

(k) Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method except for acquisition of entities under common control. The excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition is recorded as goodwill. Negative goodwill arising on acquisition is immediately recognized in profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with other equity holders in their capacity as equity holders and therefore, goodwill is not recognized as a result of such transactions.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and is not tested for impairment separately.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses, if any.

On disposal of a subsidiary / joint venture / associate, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Other intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash outflows over the payment term.

Amortization

Amortization is calculated on the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Category of assets	*Estimated useful life*
Metro naming rights	10 years

(l) Assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss previously recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity accounted investee is no longer equity accounted.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is stated net of rebates according to the agreements with suppliers. The cost of inventories is based on the first-in first-out principle (FIFO) for certain inventory items (retail, consumables, stores and F&B) and weighted average cost for others (fashion goods), and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for such product. Accordingly, provision is made where the net realizable value of inventories is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

(n) Provisions

A provision is recognized in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Staff terminal and retirement benefits

Provision for staff terminal benefits is calculated in accordance with the labor laws of the respective country in which they are employed. The Group’s net obligation in respect of staff terminal benefits is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, and is discounted to determine the present value of the obligation. The discount rate used is the average yield on high investment grade bonds that have maturity dates approximating the terms of the Group’s obligation.

Under the UAE Federal Law No.7 of 1999 for Pension and Social Security, employers are required to contribute 12.5% of the ‘contribution calculation salary’ of those employees who are UAE nationals. These employees are also required to contribute 5% of the ‘contribution calculation salary’ to the scheme. The Group’s contribution is recognized as an expense in profit or loss as incurred.

The principal assumptions for the calculation of the provision for staff terminal benefits at the reporting date are as follows:

	2014	2013
Discount rate	3.00% - 5.50%	3.02% - 3.50%
Future salary increase	5%	5.00%

(p) Long term employee benefits

The Group offers a retention plan to certain senior management personnel under a special incentive scheme. A provision for the Group’s obligation under the scheme is accrued by estimating the present obligation and present value of the estimated future payments as at the reporting date in respect of all applicable employees for their services rendered during the year. The principal assumptions underlying the estimates are as follows:

	2014	2013
Rate used for discounting the future benefits	3.00% - 5.50%	3.02% - 3.50%
Annual rate of employees expected to leave scheme	5%	5.00%

(q) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be measured reliably.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. Where at inception or on reassessment of an arragement that contains a lease, the asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group sustantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

Lease payments

Lease payments incurred as lessee under operating leases are recognized as an expense in the profit or loss on a straight line basis over the lease term. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease. Increases in rentals which are considered to be due to inflation are regarded as contingent rent and are recognized in the year in which that they occur.

Differences between rentals on the straight-line basis and contracted rentals are recognized as ‘accrued lease rentals’, as an asset or a liability, as the case may be. Lease rentals which are considered contingent at the inception of the lease but are confirmed at a subsequent date during the period of the lease are accounted for in the period in which they are incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance the liability.

(s) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(t) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash balances, call deposits and term deposits with an original maturity less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(u) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

(v) Revenue recognition

Revenue includes amounts derived from the provision of goods and services falling within the Group’s ordinary activities and includes revenue from the following sources:

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

Goods sold

Revenue from the sale of goods at hypermarket is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognized at the time of check-out when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Discounts are recognized as a reduction of revenue as the sales are recognized.

Rebates and other supplier benefits

Income from rebates and other supplier benefits is recognized on an accrual basis, according to the agreements with suppliers. For the purpose of presentation, income from rebates is netted off from cost of sales. Income from other supplier benefits is included as part of revenue.

Listing and gondola fees

Listing and gondola fees are recognized as income on an accrual basis, when the obligations to display inventories are met.

Opening fees

Opening fees, based on agreements with suppliers, are recognized at the time of opening of the store.

Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission earned by the Group. The agency relationship is established where the Group does not take title of the goods, has no responsibility in respect of the goods sold and the Group does not have control on the selling prices set by the supplier.

Loyalty programmes

The Group has a customer loyalty programme whereby customers are awarded credits known as “tickets/ loyalty points”. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the reward credit and the other components of the sale.

The amount allocated to the tickets/ loyalty points is considered to be the fair value for which they could be redeemed. Such amount is deferred and revenue is recognized only when the tickets/ loyalty points is redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognized in those circumstances is based on the number of tickets/loyalty points that have been redeemed in exchange for products, relative to the total number of tickets/loyalty points that are expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the tickets/ loyalty points will be redeemed.

Rental income

Rental income received as lessor from properties under operating leases is recognized on a straight-line basis over the term of the lease. Contingent rents are recorded as income in the period in which they are earned. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Services

Revenue from hospitality and leisure and entertainment activities is recognized on rendering the services. Revenue from services is recognized when customers have a right to use the facilities on payment for these services.

(w) Finance income and expenses

Interest income and expense for all interest bearing financial instruments except for those designated at fair value through profit or loss, are recognized in ‘interest income’ and ‘interest expense’ in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Finance income and expenses (continued)

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

(x) Alcohol

The purchase of alcohol for hotels and residence is the responsibility of the relevant Hotel Management Company, and the revenue derived from sale is deemed to be that of the Hotel Management Company. The profit resulting from the sales of alcoholic beverages forms part of the Hotel Management Company's incentive fee.

(y) Tax

Income tax expense comprises current and deferred tax calculated in accordance with the income tax laws applicable to certain overseas subsidiaries. Income tax expense is recognized in profit or loss except to the extent it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(z) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all operating segments are reviewed regularly by senior management and the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Group has four segments, consistent with internal reporting and are considered Group's strategic business units. The strategic businesses units offer different services and are managed separately because they have different strategic requirements. Inter-segment pricing is determined on an arm's length basis.

Notes to the consolidated financial statements (continued)

(z) Operating segments (continued)

The following summary describes the operations in each of the Group's reportable segments:

Properties: The principal activities includes investing in and operating and managing commercial projects including shopping malls, hotels, residential projects, leisure and entertainment, acting as a holding company to various subsidiaries and investing in joint ventures and associates.

Retail: The principal activities include establishment and management of hypermarkets, and supermarket in accordance with the franchise agreement with Carrefour Partenariat International, a Carrefour SA affiliate.

Ventures: The principal activities include establishing, investing in and management of commercial projects. It also includes, through subsidiaries, the establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services.

Head Office: The principal activities acting as the holding company of the Group's subsidiaries, arranging the Group's financing requirements and providing certain support services to the subsidiaries.

EBITDA

The Group's measure of segment performance, EBITDA, is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, impairment and other exceptional items of charges or credits that are one-off in nature and significance. Management excludes one-off exceptional items in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measure used by the Group may not be comparable to other similarly titled measures of other companies.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical judgments

4.1.1 *Investment property - accounting for dual-use properties*

Investment property is property held to either earn rental income or capital appreciation or for both. Certain properties of the Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by the Group in the supply of services or for administrative purposes. Such properties are split between property, plant and equipment and investment properties based on leasable value, subject to the conditions described below.

4.1.2 *Properties where the let-out portions can be sold or finance leased separately*

In the UAE, Law No. 27 of 2007 regulating the Ownership of Jointly Owned Properties in the Emirate of Dubai ("the Strata Law") came into effect from 1 April 2008. Based on the terms of the Strata Law and clarification obtained by the Group from independent legal advisors, management is of the view that:

- It is possible to divide developed property, such as a shopping mall, into separate units;
- That conceptually, strata title can validly be created within the shopping malls and individual units or parts may be sold or subject to long leases; and
- The Dubai Land Department and the Strata Law both support the above concept.

In countries other than UAE, wherever similar laws exist, the Company splits dual use properties on a similar basis.

4.1.3 *Properties where the let-out portions cannot be sold or finance leased separately*

Due to legal restrictions in Oman, and in the UAE in respect of properties which are built on land gifted by the Ruler, these properties cannot currently be sold or finance leased separately (in case of UAE, without the prior consent of the Ruler). Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

Notes to the consolidated financial statements (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical judgments (continued)

4.1.4 Properties built on gifted land

Certain properties have been developed on land gifted to the majority shareholder of the Parent Company, personally, rather than Majid Al Futtaim Properties LLC, a subsidiary. These properties are held in the name of the majority shareholder for the beneficial interest of the Group.

Properties which are built on land gifted by the Ruler of Dubai, cannot currently be sold or finance leased, separately, without the prior consent of the Ruler. On 15 March 2010, the Ruler of Dubai issued a decree which allows each UAE national, who has been granted industrial or commercial land, to apply to the Land and Properties Department ("the Department") to request for free ownership of the land (and obtain a title deed with freehold status for the plot), that is free from any restrictions over the use of the land by registering it in the real estate register for a fee of 30% of the market value of the land, which will be determined by the Department on the date of the transfer of ownership. Upon issuance of this decree, the Group can transfer the legal title and register the properties constructed on gifted land in its name. Management is of the view that until the decision to register the properties is formally taken by the Board of Directors of Majid Al Futtaim Properties LLC, the properties will continue to be classified as property, plant and equipment if a significant portion is held for own use.

4.2 Key estimates

4.2.1 Apportionment of fair values between land and buildings

Where the valuation of a property comprises the aggregate value of land and building, the valuation is apportioned between land and building based on the reinstatement cost as computed by an external appraiser of the building, unless another appropriate basis is available for allocation.

Change in fair value apportioned to buildings is then allocated to the building structure as it is impracticable to obtain detailed fair value information at each component level of the building from the valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING

5.1 By business

The segment information provided to the Board of Directors for reportable segments for the year ended 31 December 2014 are as follows:

	Properties AED '000	Retail AED '000	Ventures AED '000	Head office AED '000	Total AED '000
2014:					
Revenue					
Gross revenue	3,818,675	20,577,817	1,074,456	574,261	26,045,209
Inter segment revenue	(247,347)	-	-	(574,261)	(821,608)
Revenue from external customers	3,571,328	20,577,817	1,074,456	-	25,223,601
Results from continuing operations					
EBITDA	2,369,183	1,147,566	152,060	476,637	4,145,446
Eliminations and adjustments					(559,000)
					3,586,446
Depreciation expense	(325,934)	(305,985)	(112,399)	(1,418)	(745,736)
Eliminations and adjustments					(310,670)
					(1,056,406)
Valuation gain on land and buildings - net	1,229,000	-	-	-	1,229,000
Eliminations and adjustments					(461,833)
					767,167
Net finance (cost)/income	(322,719)	51,073	(18,031)	386,884	97,207
Eliminations and adjustments					(511,209)
					(414,002)
Net profit after tax	2,775,014	755,696	27,485	1,025,929	4,584,124
Eliminations and adjustments					(2,016,700)
					2,567,424
Total assets	39,166,333	5,356,325	1,543,827	19,993,247	66,059,732
Eliminations and adjustments					(21,435,666)
					44,624,066
Capital expenditure	(3,557,765)	(337,199)	(242,484)	(2,119)	(4,139,567)

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING (continued)

5.1 By business (continued)

	Properties AED '000	Retail AED '000	Ventures AED '000	Head office AED '000	Total AED '000
2013:					
Revenue					
Gross revenue	3,547,071	18,481,569	892,340	407,819	23,328,799
Inter segment revenue	(224,520)	-	-	(407,819)	(632,339)
Revenue from external customers	3,322,551	18,481,569	892,340	-	22,696,460
Results from continuing operations					
EBITDA	2,219,785	983,784	127,006	329,612	3,660,187
Eliminations and adjustments					(384,600)
					3,275,587
Depreciation expense	(301,460)	(268,776)	(78,375)	(737)	(649,348)
Eliminations and adjustments					(306,204)
					(955,552)
Valuation gain on land and buildings - net	969,161	-	-	-	969,161
Eliminations and adjustments					(751,909)
					217,252
Net finance (cost)/income	(341,123)	53,924	(17,222)	68,704	(235,717)
Eliminations and adjustments					(294,418)
					(530,135)
Net profit after tax	2,489,923	747,743	76,285	401,694	3,715,645
Eliminations and adjustments					(1,778,323)
					1,937,322
Total assets	34,347,051	4,995,215	1,238,757	16,446,478	57,027,501
Eliminations and adjustments					(17,573,809)
					39,453,692
Capital expenditure	(1,477,912)	(454,575)	(254,393)	(4,403)	(2,191,283)

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING (continued)

5.2 By geography

5.2.1 Revenue by geographical market

	2014 AED '000	2013 AED '000
UAE (country of domicile)	**13,421,939**	12,375,899
Egypt	**2,815,993**	2,300,866
Qatar	**2,107,755**	1,970,292
Saudi Arabia	**2,059,091**	1,890,951
Oman	**1,399,162**	1,236,618
Jordan	**956,854**	737,198
Bahrain	**727,072**	636,696
Kuwait	**467,250**	465,940
Pakistan	**427,544**	405,876
Lebanon	**393,576**	302,843
Georgia	**274,894**	212,044
Iraq	**172,298**	161,237
Armenia	**173**	-
	25,223,601	22,696,460

5.2.1 Total assets by geographical region

	2014 AED '000	2013 AED '000
UAE (country of domicile)	**30,650,625**	28,126,898
Egypt	**3,402,193**	2,579,431
Bahrain	**3,300,378**	3,203,369
Saudi Arabia	**2,262,283**	830,136
Lebanon	**2,116,598**	2,194,058
Oman	**1,889,658**	1,622,204
Qatar	**325,981**	283,431
Jordan	**244,816**	228,968
Others*	**431,534**	385,197
	44,624,066	39,453,692

* Others include Kuwait, Georgia, Pakistan, Hong Kong, Iraq, Kazakhstan and Armenia.

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED '000	Motor vehicles AED '000	Furniture fixtures and equipment AED '000	Capital work in progress AED '000	Total AED '000
Cost/valuation					
At 1 January 2013	17,773,828	10,627	4,133,543	240,978	22,158,976
Additions	364,647	1,630	473,006	351,543	1,190,826
Disposal of subsidiaries	-	(437)	(15,880)	-	(16,317)
Disposals/write offs/adjustments	27,695	(656)	(134,984)	(903)	(108,848)
Transfer to a related party	-	-	(139)	-	(139)
Transfer from investment properties	46,843	-	-	157,370	204,213
Assets placed in service	123,489	139	265,738	(389,366)	-
Net gain on valuation of properties (note 6.1)	1,501,382	-	-	-	1,501,382
Accumulated depreciation eliminated on valuation	(552,951)	-	-	-	(552,951)
Effect of foreign exchange movements	(13,244)	(55)	(45,201)	(4,691)	(63,191)
At 1 January 2014	**19,271,689**	**11,248**	**4,676,083**	**354,931**	**24,313,951**
Additions	**873,215**	**1,152**	**211,380**	**629,026**	**1,714,773**
Disposals/write offs/adjustments	**(18,189)**	**(1,000)**	**(112,791)**	**-**	**(131,980)**
Transfer to intangible assets	**-**	**-**	**(4,324)**	**(4,450)**	**(8,774)**
Transfer from investment properties	**-**	**-**	**-**	**13,348**	**13,348**
Transfer to investment properties	**(20,324)**	**-**	**-**	**-**	**(20,324)**
Assets placed in service	**76,892**	**257**	**340,248**	**(417,397)**	**-**
Reclassification of assets	**14,922**	**-**	**-**	**(14,922)**	**-**
Net gain on valuation of properties (note 6.1)	**1,426,419**	**-**	**-**	**-**	**1,426,419**
Accumulated depreciation eliminated on valuation	**(568,881)**	**-**	**-**	**-**	**(568,881)**
Effect of foreign exchange movements	**(4,955)**	**(7)**	**(14,188)**	**(5,771)**	**(24,921)**
At 31 December 2014	**21,050,788**	**11,650**	**5,096,408**	**554,765**	**26,713,611**
Accumulated depreciation/impairment					
At 1 January 2013	(18,981)	(5,085)	(2,429,395)	882	(2,452,579)
Charged during the year	(557,228)	(1,230)	(397,094)	-	(955,552)
Impairment loss (note 30)	-	-	(8,716)	-	(8,716)
Reversal of impairment (note 30)	-	-	25,366	572	25,938
Accumulated depreciation eliminated on valuation	552,951	-	-	-	552,951
Transfer to a related party	-	-	102	-	102
Disposals/write offs/adjustments	-	595	84,207	903	85,705
Disposal of subsidiaries (note 32)	-	407	14,846	-	15,253
Effect of foreign exchange movements	-	51	23,916	-	23,967
At 1 January 2014	**(23,258)**	**(5,262)**	**(2,686,768)**	**2,357**	**(2,712,931)**
Charged during the year	**(573,158)**	**(1,234)**	**(482,014)**	**-**	**(1,056,406)**
Impairment loss (note 30)	**(15,640)**	**-**	**(79,564)**	**(17,014)**	**(112,218)**
Reversal of impairment (note 30)	**-**	**-**	**15,405**	**-**	**15,405**
Accumulated depreciation eliminated on valuation	**568,881**	**-**	**-**	**-**	**568,881**
Transfer to intangible assets	**-**	**-**	**1,529**	**-**	**1,529**
On disposals/write offs	**-**	**970**	**100,467**	**-**	**101,437**
Effect of foreign exchange movements	**(59)**	**(69)**	**6,749**	**-**	**6,621**
At 31 December 2014	**(43,234)**	**(5,595)**	**(3,124,196)**	**(14,657)**	**(3,187,682)**
Carrying amounts					
At 31 December 2013	19,248,431	5,986	1,989,315	357,288	21,601,020
At 31 December 2014	**21,007,554**	**6,055**	**1,972,212**	**540,108**	**23,525,929**

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 The details of revaluation gain on property, plant and equipment are as follows:

	2014 AED '000	2013 AED '000
Gain transferred to revaluation reserve	**1,308,147**	1,404,709
Reversal of prior year valuation losses charged to profit or loss	**118,272**	96,673
	1,426,419	1,501,382

6.2 Accrued income relating to the accounting for lease rentals on a straight line basis as per IAS 17 have been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2014 AED '000	2013 AED '000
Fair value of land and buildings	**21,087,328**	19,341,963
Less: adjustment for accrued operating lease income	**(79,774)**	(93,532)
Net adjusted fair value	**21,007,554**	19,248,431

6.3 If the properties had been stated under the historical cost basis, the carrying amounts would have been as follows:

	2014		2013	
	Land AED '000	**Buildings AED '000**	Land AED '000	Buildings AED '000
Cost	**621,721**	**8,234,174**	596,508	7,897,482
Accumulated depreciation	**-**	**(3,490,241)**	-	(3,002,597)
Net carrying amount	**621,721**	**4,743,933**	596,508	4,894,885

6.4 Certain lands are held in the personal name of the majority shareholder of the Parent Company for the beneficial interest of the Group.

6.5 Measurement of fair value

6.5.1 The fair value measurement of property, plant and equipment of AED 21,008 million (2013: AED 19,248 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

6.5.2 The following table shows the significant unobservable inputs used:

	2014			2013		
Significant unobservable inputs for:	**Shopping malls**	**Offices**	**Hotels**	**Shopping malls**	**Offices**	**Hotels**
Discount rate	11%-19%	-	11.25%-12.75%	11%-21%	-	12%-13%
Net initial yield	-	8.5%	-	-	9%-12%	-
Income return	6%-15%	4%-8%	7.5%*-13%	8%-14%	9%-10%	4%-14%
Average occupancy	98%	100%	75%*	99%	100%	72%

* This excludes the occupancy and income return rate of a hotel in UAE which was under renovation during the year.

6.5.3 ***Inter-relationship between key unobservable inputs and fair value measurement.***

The estimated fair value would increase/ (decrease) if:
- The occupancy rates were higher/(lower);
- The discount rates were lower/(higher); or
- The income returns were higher/(lower).

Notes to the consolidated financial statements (continued)

7. INVESTMENT PROPERTIES

	Land-Undeveloped AED '000	Land and buildings AED '000	Capital work in progress AED '000	Total AED '000
Cost/valuation				
At 1 January 2013	905,002	8,867,499	1,534,891	11,307,392
Additions	-	47,758	942,930	990,688
Net valuation gain taken to profit or loss (note 7.1)	(6,600)	112,274	14,905	120,579
Assets placed in service	-	905,586	(905,586)	-
Reclassification of assets on commencement of development	(251,695)	26,342	225,353	-
Transferred to property, plant & equipment	(59,108)	(22,735)	(122,370)	(204,213)
Disposals	-	(834)	-	(834)
Effect of foreign exchange movements	(3,781)	(68,093)	(43,375)	(115,249)
At 31 December 2013	**583,818**	**9,867,797**	**1,646,748**	**12,098,363**
Additions	**-**	**70,364**	**1,632,764**	**1,703,128**
Net valuation gain taken to profit or loss (note 7.1)	**139,866**	**509,029**	**-**	**648,895**
Assets placed in service	**-**	**85,122**	**(85,122)**	**-**
Transfer to property, plant and equipment	**-**	**-**	**(13,348)**	**(13,348)**
Transfer from property, plant and equipment	**-**	**-**	**20,324**	**20,324**
Reclassification of assets	**158,844**	**-**	**(158,844)**	**-**
Disposals / write offs	**-**	**(43,354)**	**(851)**	**(44,205)**
Project cost impaired (note 30)	**-**	**-**	**(96,017)**	**(96,017)**
Effect of foreign exchange movements	**2,906**	**(13,866)**	**(25,724)**	**(36,684)**
At 31 December 2014	**885,434**	**10,475,092**	**2,919,930**	**14,280,456**

7.1 The net valuation gain included in profit or loss is as follows:

	2014 AED '000	2013 AED '000
Reversal of prior year valuation losses charged to profit or loss (note 6.1)	**118,272**	96,673
Gain on valuation of investment properties	**648,895**	120,579
	767,167	217,252

7.2 Rental income derived from investment properties during the current year is AED 1,222 million (2013: AED 1,109 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 386 million (2013: AED 332 million).

7.3 During the year, the Group purchased a piece of land of AED 1,433 million of which AED 717 million has been classified as investment property under construction with the intention of construction of a shopping mall on the site. The remaining portion has been classified under development properties (note 8).

7.4 In the current year, a subsidiary of the Group entered into an usufruct contract with the Government of Sultanate of Oman which has provided the subsidiary usufruct rights over two plots of land in Oman for a period of fifty years. The leasehold interest meets the recognition criteria of an investment property and accordingly the Group has accounted for the lease as a finance lease. During the current year additions on the land lease capitalised amounted to AED 116 million. The land is restricted to be used for commercial purposes in relation to certain Group businesses and the right to renew the land is reserved with the Government of Sultanate of Oman only. If the lease is not renewed, the land and building will be transferred to the Government of Sultanate of Oman at the end of the lease term. The imputed finance cost on the corresponding finance lease liability (note 21) was determined based on Group's subsidiaries incremental borrowing rate of 6.5%.

Notes to the consolidated financial statements (continued)

7. INVESTMENT PROPERTIES (continued)

7.5 Accrued income relating to the accounting for lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2014 AED '000	2013 AED '000
Fair value of land and buildings	**10,558,237**	9,951,560
Less: adjustment for accrued operating lease income	**(83,145)**	(83,763)
Net adjusted fair value	**10,475,092**	9,867,797

7.6 Certain land is held in the personal name of the majority shareholder of the Parent Company for the beneficial interest of the Group.

7.7 The carrying value of properties (including property, plant and equipment) mortgaged against bank loans aggregates to AED 1,431 million (2013: AED 1,275 million).

7.8 Measurement of fair value

7.8.1 The fair value measurement of investment properties of AED 14,280 million (2013: AED 12,098 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

7.8.2 The following table shows the significant unobservable inputs used:

	2014		**2013**	
Significant unobservable inputs for:	**Shopping malls**	**Offices**	**Shopping malls**	**Offices**
Discount rate	11%-19%	-	11%-21%	-
Net initial yield	-	8%-9.5%	-	9%
Income return	6%-15%	8%-10.5%	8%-14%	10%
Average occupancy	98%	100%	99%	94%

7.8.3 ***Inter-relationship between key unobservable inputs and fair value measurement.***

The estimated fair value would increase/ (decrease) if:

- The occupancy rates were higher/(lower);
- The discount rates were lower/(higher); or
- The income returns were higher/(lower).

8. DEVELOPMENT PROPERTIES

	2014 AED '000	2013 AED '000
At 1 January	**76,105**	66,336
Additions during the year (note 7.3)	**721,666**	9,769
	797,771	76,105

9. INVESTMENTS

	2014 AED '000	2013 AED '000
Investments held at fair value through profit or loss (FVPL):		
- Unlisted equities	**5,000**	5,000
Investment in associates (note 9.1)	**219,136**	200,470
Investment in joint ventures (note 9.2)	**1,023,981**	986,708
	1,248,117	1,192,178

Notes to the consolidated financial statements (continued)

9. INVESTMENTS (continued)

9.1 Investment in associates

	2014 AED '000	2013 AED '000
At 1 January	**200,470**	210,303
Additions during the year	**29,212**	5,782
Share of profit/(loss) accounted through profit or loss	**745**	(4,335)
Dividend income received	**(10,530)**	(10,044)
Impairment charge	**(261)**	-
Foreign currency translation differences from foreign operations	**(500)**	(1,236)
	219,136	200,470

9.1.1 Summarized financial information in respect of the Group's interest in the associates in UAE is set out below:

	2014 AED '000	2013 AED '000
Total assets	**4,239,649**	3,918,999
Total liabilities	**(3,599,416)**	(3,263,576)
Net assets	**640,233**	655,423
Share of net assets*	**219,136**	200,470
Loss for the year	**(30,219)**	(33,441)
Share of profit/(loss) for the year	**745**	(4,335)

9.2 Investment in joint ventures

	2014 AED '000	2013 AED '000
At 1 January	**986,708**	946,172
Additions during the year	**-**	39,939
Share of profit accounted through profit or loss	**57,917**	39,476
Transferred to long term receivables	**-**	(21,258)
Dividend income received	**(18,038)**	(6,982)
Foreign currency translation differences from foreign operations	**(2,606)**	(10,639)
	1,023,981	986,708

9.2.1 Investment amounts in various entities include capital contributions made by the Group in its capacity as a shareholder. These balances are unsecured and interest free in nature and will not be called for repayment, except at the sole discretion of the joint venture entities.

9.2.2 Summarized financial information in respect of the Group's interest in joint ventures is set out below:

	2014 in AED '000			2013 in AED '000		
	UAE	**Others**	**Total**	UAE	Others	Total
Total assets	**2,098,369**	**3,815,930**	**5,914,299**	1,953,663	3,673,635	5,627,298
Total liabilities	**(1,529,729)**	**(2,658,669)**	**(4,188,398)**	(1,318,749)	(2,362,753)	(3,681,502)
Net assets	**568,640**	**1,157,261**	**1,725,901**	634,914	1,310,882	1,945,796
Share of net assets*	**342,827**	**681,154**	**1,023,981**	331,267	655,441	986,708
Profit for the year	**(4,691)**	**119,437**	**114,746**	54,878	23,709	78,587
Share of profit for the year	**(2,422)**	**60,339**	**57,917**	27,525	11,951	39,476

* Share of net assets disclosed above in associates and joint ventures is net of impairment.

Notes to the consolidated financial statements (continued)

10. INTANGIBLE ASSETS

	2014 AED '000	2013 AED '000
Cost		
At 1 January	**206,840**	201,442
Additions during the year	**2,016**	5,398
Transfer from property, plant and equipment	**8,774**	-
	217,630	206,840
Amortisation		
At 1 January	**(88,171)**	(67,014)
Charge for the year	**(23,933)**	(21,157)
Transfer from property, plant and equipment	**(1,529)**	-
	(113,633)	(88,171)
Carrying amount - net	**103,997**	118,669

10.1 Above includes intangible assets in respect of naming rights. In 2008, the Group entered into an agreement with a Government entity in the UAE to acquire naming rights for two stations of Dubai Metro for a period of 10 years commencing from 2009, when the Metro became operational. Based on the present value of the future payments to be made, an intangible asset has been recorded which is being amortized over the contract period using the incremental borrowing cost of the Group at that time of 4.5% p.a and a corresponding long term liability has been recorded (refer to note 21.3).

11. DEFERRED TAX ASSETS

	2014 AED '000	2013 AED '000
At 1 January	**25,842**	21,748
Recognized in profit or loss	**7,227**	4,361
Foreign currency translation difference from foreign operations	**(752)**	(267)
At 31 December	**32,317**	25,842

12. OTHER NON-CURRENT ASSETS

	2014 AED '000	2013 AED '000
Long term portion of:		
- Advances to contractors (note 14)	**308,040**	331,210
- Accrued income on operating leases (note 14)	**148,105**	177,295
- Prepaid rentals	**13,451**	13,903
Long term prepaid lease premium (note 12.1)	**8,771**	10,742
	478,367	533,150

12.1 This mainly represents the original payments made to the landlord of a hypermarket of AED 29.4 million towards the cost of construction of the hypermarkets and landlords of other hypermarkets/supermarkets in respect of the right to enter as a lessee. These payments are amortized on a straight line basis over the periods of the respective leases which range from 2 to 20 years.

13. INVENTORIES

	2014 AED '000	2013 AED '000
Inventory held for sale (net of provisions)	**1,454,199**	1,217,740
Goods in transit	**17,256**	19,267
Spares and consumables	**31,571**	24,829
	1,503,026	1,261,836

Notes to the consolidated financial statements (continued)

14. TRADE AND OTHER RECEIVABLES

	2014 AED '000	2013 AED '000
Trade receivables	**599,758**	549,021
Advances and deposits	**651,532**	534,067
Prepayments	**346,998**	317,733
Accrued income on operating leases	**162,881**	177,295
Positive fair value of derivatives	**82,378**	3,310
Other receivables	**20,293**	24,793
	1,863,840	1,606,219
Provision for doubtful receivables	**(23,851)**	(19,982)
	1,839,989	1,586,237
Less: long term portion (note 12)	**(456,145)**	(508,505)
	1,383,844	1,077,732

15. CASH IN HAND AND AT BANK

	2014 AED '000	2013 AED '000
Cash in hand	**110,349**	90,782
Fixed deposits	**205,256**	117,752
Cash at bank	**724,882**	1,003,749
Cash and cash equivalents	**1,040,487**	1,212,283
Fixed deposits with an original maturity of more than three months	**9,400**	87,805
	1,049,887	1,300,088

15.1 Cash in hand mainly represents daily sales takings at stores not deposited, the cash in operation at the central cashier office and petty cash.

16. TRADE PAYABLES, OTHER LIABILITIES AND PROVISIONS

	2014 AED '000	2013 AED '000
Trade payables	**3,448,933**	3,218,815
Accruals	**1,141,665**	1,020,991
Advance receipts	**737,265**	688,889
Unearned rental income	**655,505**	522,824
Negative fair value of derivatives	**180,503**	248,652
Current portion of provision for bonus (note 21.2)	**172,551**	173,220
Accrued lease rentals	**156,964**	113,010
Provisions (note 16.1)	**119,944**	112,470
Tax payable	**108,539**	92,500
Current portion of deferred liability (note 21.3)	**26,024**	26,448
Other payables	**204,709**	107,671
	6,952,602	6,325,490

16.1 Movement during the year:

	2014 AED '000	2013 AED '000
At 1 January	**112,470**	100,824
Charge during the year (note 29.1)	**53,565**	21,303
Payments/adjustments made during the year	**(45,596)**	(8,651)
Currency translation adjustments	**(495)**	(1,006)
At 31 December	**119,944**	112,470

Notes to the consolidated financial statements (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES

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 Parent Company and its shareholders, fellow subsidiaries, associates, joint ventures, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

17.1 Long term receivable from related parties

	2014 **AED '000**	2013 AED '000
Receivable from a joint venture (note 17.1.1)	**82,162**	82,162
Less: discounting of receivable	**(18,575)**	(26,044)
	63,587	56,118
Receivable from a minority shareholder (note 17.1.2)	**16,192**	14,781
	79,779	70,899

17.1.1 As at 31 December 2014, the long-term receivable is measured at fair value, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value is recognized within profit or loss.

17.1.2 A subsidiary of the Group, and its minority shareholder ('the minority shareholder") entered into a loan agreement on 25 November 2010, according to which both the parties have agreed on a special agreement for funding the substation in relation to the shopping mall, whereby the subsidiary will settle on behalf of the minority shareholder, its share of the substation costs. According to the loan agreement, the minority shareholder, shall repay to the subsidiary, the aggregate principal amount together with all accrued interest therein on the final maturity date of 31 December 2020. Accordingly, the balance has been reclassified as long term in these consolidated financial statements. Interest has been accrued at the rate of 6 months EIBOR plus a margin of 7% p.a. compounded on a monthly basis.

17.2 Short term loan from a related party

	2014 **AED '000**	2013 AED '000
At 1 January	**118,500**	177,000
Borrowed during the year	**437,000**	313,600
Repaid during the year	**(554,110)**	(372,100)
At 31 December	**1,390**	118,500

17.2.1 The above loan is obtained from the Parent Company, against a loan facility of AED 500 million, at a margin of 0.4% per annum over EIBOR, renewable every year with a final maturity of four years commencing 2011.

17.3 Long term loan from a related party

Represents interest free loan obtained from a non-controlling interest with no defined repayment terms.

17.4 Due from related parties

	2014 **AED '000**	2013 AED '000
Parent company	**17,235**	-
Fellow subsidiaries	**926**	1,416
Joint ventures	**136,485**	109,553
Associates	**8,128**	211
Others	**4,301**	11,362
	167,075	122,542
Provision for doubtful receivables	**(26,499)**	(24,732)
	140,576	97,810

Notes to the consolidated financial statements (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.5 Due to related parties

	2014 AED '000	2013 AED '000
Parent company	**-**	6,896
Associates	**-**	1,755
Others	**37,332**	40,477
	37,332	49,128

17.6 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:

	2014 AED '000	2013 AED '000
Directors' fees and expenses	**15,875**	11,294
Employee benefits (salaries and allowances including provision for bonus)	**71,225**	68,065
Post employment benefits (provision for end of service benefits)	**2,817**	2,433
	89,917	81,792

17.7 In the current year franchise fees amounting to AED 75 million (2013: AED 69 million) has been charged by Carrefour.

18. BANK OVERDRAFT

	2014 AED '000	2013 AED '000
Bank overdraft	**34,980**	32,661

In the ordinary course of business, companies within the Group use overdraft facilities from banks and pay interest at market rates. The Group has bank overdraft facilities aggregating to AED 370 million (2013: AED 357 million). The facilities carry interest at 1% - 3% above the base lending equivalent and amounts drawn are repayable on demand.

19. LONG TERM LOANS

	2014 AED '000	2013 AED '000
At 1 January	**8,214,517**	9,551,497
Transferred to discontinued operations on sale of a subsidiary	**-**	(245,546)
Borrowed during the year	**7,344,040**	3,502,274
Fair value movement (note 19.6 and 19.7)	**77,801**	(25,726)
Repaid during the year	**(6,621,695)**	(4,567,982)
At 31 December	**9,014,663**	8,214,517
Less: Current maturity of long term loan	**(2,681,205)**	(1,529,679)
Non-current portion	**6,333,458**	6,684,838

19.1 The floating rate loans carry margins ranging from 1.20% to 3.50% (2013: 1.50% to 3.50%) per annum over the base lending rate, whilst fixed rate on loans ranges from 4.75% to 5.85% (2013: 5.25% to 5.85%). For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

Notes to the consolidated financial statements (continued)

19. LONG TERM LOANS (continued)

19.2 The details of long term loans are mentioned below:

Loan facility '000	Repayment interval	Repayment commencing	Maturity date	Note	2014 AED '000
EGP 3,000,000	Unequal installments every year	26-Jul-17	28-Apr-26	19.3	403,395
AED 225,000	Semi-annual	1-Oct-12	29-Mar-21	19.4	198,450
USD 45,000	Semi-annual	5-Nov-15	5-May-22	19.5	128,555
USD 10,000	Annual	27-Sep-16	27-Sep-18	19.5	30,346
LBP 180,000,000	Annual	20-Mar-16	20-Sep-22	19.5	415,663
USD 400,000	Bullet	NA	7-Feb-17	19.6	1,467,046
USD 1,159,000	Revolver	NA	19-Sep-18		369,989
AED 1,609,000	Revolver	NA	19-Sep-18		139,868
USD 500,000	Bullet	NA	5-Jul-19	19.7	1,819,212
USD 500,000	Bullet	NA	7-May-24	19.7	1,894,940
USD 100,000	Revolver	NA	24-Jul-19		315,036
USD 500,000	Revolver	NA	11-Sep-19		1,832,163
					9,014,663

19.3 During 2013, a loan facility of EGP 3 billion was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall.

19.4 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.

19.5 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.

19.6 In February 2012, Group issued Sukuk certificates ("bonds") under its USD 1 billion Sukuk program (structured as a "Wakala"), raising USD 400 million (AED 1,469 million). The 5 year senior unsecured bonds issued under this program are listed on the London Stock Exchange and NASDAQ Dubai, UAE together with additional listings of the program on London Stock, NASDAQ Dubai and Irish Stock Exchanges. The terms of the arrangement include transfer of 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.

These bonds bear a fixed profit rate of 5.85% per annum on a semi-annual basis to be serviced from returns generated from the Wakala assets. The Sukuk of USD 400 million is hedged by financial derivatives and accordingly, carried at fair value.

19.7 Under the USD 2 billion Global Medium Term Note (GMTN) Program, the Group had issued seven year fixed rate unsecured bonds in July 2012 of USD 500 million (AED 1,837 million) and ten year fixed rate unsecured bonds in May 2014 of USD 500 million (AED 1,837 million). The bonds carry coupon rates ranging from 4.75% to 5.25% per annum, payable every six months. The bonds issued in July 2012 are listed on London and NASDAQ Dubai, UAE Stock Exchanges and bonds issued in May 2014 are listed on NASDAQ Dubai, UAE and Irish Stock Exchanges. In addition these programs are listed in London, NASDAQ Dubai, UAE and Irish Stock Exchanges. Of the total amount, USD 700 million (2013: USD 200 million) is hedged by financial derivatives and accordingly, carried at fair value.

20. DEFERRED TAX LIABILITIES

	2014 AED '000	2013 AED '000
At 1 January	**97,413**	117,075
Charged to profit or loss	**18,031**	2,089
Charged/(credited) to equity	**3,527**	(2,027)
Reclassified/(reversed) during the year	**(16,955)**	821
Foreign currency translation difference from foreign operations	**(4,619)**	(20,545)
At 31 December	**97,397**	97,413

Notes to the consolidated financial statements (continued)

20. DEFERRED TAX LIABILITIES (continued)

20.1 Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gain on properties in Egypt and Lebanon. The tax rates in these countries are 30% (2013: 25%) and 10% (2013: 10%) respectively.

21. OTHER LONG TERM LIABILITIES AND PROVISIONS

	2014 AED '000	2013 AED '000
Provision for staff terminal benefits (note 21.1)	**418,940**	364,714
Provision for bonus (note 21.2)	**10,936**	20,498
Deferred liability (note 21.3)	**31,266**	54,173
Finance lease liabilities (note 7.4 and 21.4)	**89,457**	-
Other long term liabilities	**4,943**	6,176
	555,542	445,561

21.1 The movement in provision for staff terminal benefits is analysed as follows:

	2014 AED '000	2013 AED '000
At 1 January	**364,714**	298,865
Charge during the year	**89,356**	90,962
Transferred on disposal of subsidiaries	**-**	(2,411)
Payments made during the year	**(34,207)**	(22,135)
Currency translation adjustment	**(923)**	(567)
At 31 December	**418,940**	364,714

21.2 The movement in provision for bonus is as follows:

	2014 AED '000	2013 AED '000
At 1 January	**193,718**	177,770
Additions during the year	**159,113**	150,674
Payments/transfers made during the year	**(169,344)**	(134,726)
At 31 December	**183,487**	193,718
Less: Current portion (note 16)	**(172,551)**	(173,220)
Non-current portion	**10,936**	20,498

The provision for bonus includes AED 10.9 million (2013: 20.5 million) in respect of deferred bonus plan for the senior management staff of the Group, and is expected to be paid after one year from the reporting date.

21.3

	2014 AED '000	2013 AED '000
At 1 January	**80,621**	100,692
Interest accrued during the year	**3,117**	4,418
Payments made during the year	**(26,448)**	(24,489)
	57,290	80,621
Less: Current portion (note 16)	**(26,024)**	(26,448)
Non-current portion	**31,266**	54,173

21.4 Finance lease liabilities are as follows:

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
In thousands of AED	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Less than one year	**2,620**	-	**5,594**	-	**(2,974)**	-
Between one and five years	**68,869**	-	**17,301**	-	**51,568**	-
More than five years	**128,920**	-	**88,057**	-	**40,863**	-
	200,409	-	**110,952**	-	**89,457**	-

Notes to the consolidated financial statements (continued)

22. SHARE CAPITAL AND RESERVES

22.1 Share capital

	2014 AED '000	2013 AED '000
Issued and fully paid 2,486,729 shares of AED 1,000 each	**2,486,729**	2,486,729

22.2 Statutory reserve

In accordance with the respective Articles of Association of the entities within the Group and relevant local laws, 10% of the net profit for the year of the individual entities to which law is applicable is transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals the limit prescribed by the relevant laws applicable to the individual entities. This reserve can be utilized only in the manner specified under the relevant laws and is not available for distribution.

22.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

22.4 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23. HYBRID EQUITY INSTRUMENT

In October 2013, the Group has issued Hybrid Perpetual Note Instruments (‘the Notes’) of AED 1,836 million (USD 500 million) which are listed on the Irish Stock Exchange. The Notes are deeply subordinated with no maturity date. The Notes carry interest at the rate of 7.125% payable semi-annually in arrear till the first call date on October 29, 2018 and will be reset thereafter every 5 years to a new fixed rate plus the margin. The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, these are classified as equity net of transaction costs amounting to AED 10.5 million.

24. 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.

25. REVENUE

	2014 AED '000	2013 AED '000
Sale of goods	**19,356,234**	17,276,470
Listing fees, gondola fees and commissions	**1,384,976**	1,374,256
Rental income	**2,601,078**	2,402,225
Leisure and entertainment	**931,415**	775,779
Hospitality revenue	**694,774**	665,232
Others	**255,124**	202,498
	25,223,601	22,696,460

25.1 Under a customer loyalty program to stimulate sales, the Group grants tickets/loyalty points when customers buy certain designated products. These tickets/loyalty points can be redeemed against the next purchase of the customers within a pre-determined period of time. At 31 December 2014, deferred revenue in respect of tickets/loyalty points granted but not yet redeemed amounted to AED 27.4 million (2013: AED 30 million).

Notes to the consolidated financial statements (continued)

26. OPERATING EXPENSES

	2014 AED '000	2013 AED '000
Staff costs (note 26.1)	**(2,224,167)**	(2,029,449)
Depreciation (note 6)	**(1,056,406)**	(955,552)
Utilities	**(317,507)**	(293,831)
Rent	**(479,574)**	(398,988)
Advertising, selling and marketing expenses	**(201,627)**	(195,928)
Legal and consultancy expenses	**(155,886)**	(94,465)
Bank charges	**(119,830)**	(90,020)
Repair and maintenance	**(201,967)**	(198,199)
Franchise and management fees	**(156,679)**	(131,587)
Amortisation	**(25,904)**	(22,847)
Bad debts expense	**(33,330)**	(25,380)
Other general and administrative expenses	**(492,705)**	(510,480)
	(5,465,582)	(4,946,726)

26.1 Staff cost (includes) / is net of the following:

	2014 AED '000	2013 AED '000
Gratuity cost	**(89,356)**	(90,962)
Pension cost	**(15,643)**	(13,144)
Staff cost capitalised	**55,373**	60,900

26.2 The number of employees at 31 December 2014 was 26,663 (2013: 23,778).

27. FINANCE COSTS

	2014 AED '000	2013 AED '000
Arrangement and participation fee	**(69,599)**	(92,773)
Interest charges on bank loans	**(466,632)**	(374,852)
Interest charges on related party loan	**-**	(1,927)
Discounting of long term receivable from a related party (note 17.1)	**-**	(26,044)
Less: capitalized interest on development expenditure	**49,410**	13,174
	(486,821)	(482,422)
Changes in the fair value/settlement of derivatives held as FVPL	**(24,031)**	(50,118)
Cash flow hedges reclassified from hedging reserve	**(79,429)**	(93,816)
Bond programme cost	**(6,326)**	(9,452)
	(596,607)	(635,808)

27.1 The capitalization rate used to determine the amount of borrowing cost eligible for capitalization varies from 4.4% to 12.25% (2013: 5.5% to 9.0%) depending on the effective interest rate over the tenure of the borrowing.

27.2 Net changes in fair value recognised directly in other comprehensive income:

	2014 AED '000	2013 AED '000
Effective portion of changes in fair value of cash flow hedges	**(26,803)**	12,369
Cash flow hedges reclassified to profit or loss - net	**74,202**	93,096
	47,399	105,465

Notes to the consolidated financial statements (continued)

28. FINANCE INCOME

	2014 AED '000	2013 AED '000
Interest income on bank balances	**55,592**	50,585
Realized gain on currency forward contracts	**111**	44,043
Gain on disposal of derivatives	**-**	2,125
Cash flow hedges reclassified from equity - net	**5,227**	720
Changes in the fair value/settlement of derivatives held as FVPL	**121,675**	8,200
	182,605	105,673

29. OTHER EXPENSES - NET

	2014 AED '000	2013 AED '000
Foreign exchange loss - net	**(34,889)**	(20,004)
Fixed assets/project costs written off	**(3,829)**	(9,015)
Loss on disposal of non-current assets	**(2,078)**	(3,179)
Gain on sale of bonds	**-**	3,900
Land transfer fee (note 29.1)	**(40,093)**	-
Development expenses written off	**(50,828)**	(34,200)
Other income	**1,308**	18,943
	(130,409)	(43,555)

29.1 Represents the expected fee payable for transferring and registering the assets in Oman to the new legal entities, that have being incorporated as part of the reorganization of the Group's corporate structure. The application of transfer has been submitted before the year end for transfer of the assets to the new legal entities in Oman, within a year. The amount is included in other provisions (note 16.1).

30. IMPAIRMENT (CHARGE)/REVERSAL – NET

	2014 AED '000	2013 AED '000
Impairment of property, plant and equipment:		
- Furniture and fixtures (note 30.1)	**(79,564)**	(8,716)
- Land and building (note 30.2)	**(15,640)**	-
- Capital work in progress (note 30.2)	**(17,014)**	-
Impairment of investment property (note 30.2)	**(96,017)**	-
Other impairment charges (note 30.2)	**(8,054)**	-
Reversal of impairment of property, plant and equipment (note 30.3)	**15,405**	25,938
	(200,884)	17,222

30.1 Represents impairment loss on the assets of certain operating units (hypermarkets and supermarkets) as the recoverable amount, which was estimated based on the value in use of the cash generating units, was lower than the carrying amount of the assets. A discount rate specific to the country of operation of the concerned business was used to derive the net present value of the future cash flows.

30.2 Based on management's assessment of fair value and revised business plan of the Group, the carrying value of these assets, mainly representing design and construction costs has been eroded.

30.3 The reversal represents the balance after utilizing an impairment provision amounting to AED 4.7 million (2013: AED 3.2 million) during the year on the disposal/ write off of assets.

Notes to the consolidated financial statements (continued)

31. TAX CHARGE - NET

	2014 AED '000	2013 AED '000
Current tax		
Current period	**(82,995)**	(58,671)
Adjustment for prior periods	**(7,082)**	(14,649)
	(90,077)	(73,320)
Deferred tax		
(Origination)/reversal of temporary differences - net	**(7,114)**	4,727
Change in tax rates	**(3,690)**	(2,455)
	(10,804)	2,272
	(100,881)	(71,048)

31.1 Reconciliation of effective tax rate

		2014 AED '000		2013 AED '000
Profit after tax for the year from continued operations		**2,567,424**		1,937,322
Income tax charge - net		**100,881**		71,048
Profit before tax for the year from continued operations		**2,668,305**		2,008,370
Effect of tax rates in foreign jurisdictions	**-3.17%**	**(84,465)**	2.83%	(56,788)
Non-deductible expenses	**0.11%**	**2,934**	0.09%	(1,883)
Deferred tax for temporary differences	**-0.27%**	**(7,114)**	-0.24%	4,727
Change in tax rates	**-0.19%**	**(5,154)**	0.12%	(2,455)
Prior period adjustments	**-0.27%**	**(7,082)**	0.73%	(14,649)
Total	**-3.78%**	**(100,881)**	3.54%	(71,048)

32. DISCONTINUED OPERATIONS

Profit from discontinued operations is summarized as follows:

	2014 AED '000	2013 AED '000
MAF ORIX Finance PJSC (note 32.1)	-	21,811
Majid Al Futtaim Lil Aswak Tijariah LLC (note 32.2)	-	12,172
	-	33,983

32.1 In 30 June 2013, the Group sold its 60% shareholding in MAF ORIX Finance PJSC (“MAF ORIX”), a company engaged in leasing of movable assets at a net sale consideration of AED 153.2 million.

32.2 In July 2013, the Group sold its hypermarket investment and operations in a subsidiary in Syria for a consideration of AED 10,000 equivalent to the net assets of the subsidiary at the date of disposal, to Middle East Hypermarkets LLC, a subsidiary of the Parent Company.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS

Financial assets of the Group include investments in equity, cash at bank, trade and other receivables, amounts due from related parties, positive fair value of derivative financial instruments held as cash flow hedges and accounted for as FVPL, short term loans, and long term loans, advances and receivables. Financial liabilities of the Group include amounts due to related parties, negative fair value of derivative financial instruments held as cash flow hedges and accounted for as FVPL, short term loans, bank overdraft, long term loans and trade and other payables.

33.1 Financial risk management objectives and policies

The Board of Directors of Majid Al Futtaim Holding LLC has the overall responsibility for the management of risk throughout its Group companies. The Board establishes and regularly reviews the Group's risk management strategy, policies and procedures to ensure that they are in line with the Group strategies and objectives. The Group has constituted Audit Committees within the board of directors of Majid Al Futtaim Holding's main operating subsidiaries who are required to review and assess the risk management process. It ensures that the internal risk management framework is effective, that a sound system of risk management is in place, and is maintained to safeguard shareholders' interests. All Group companies are required to report on risk management on a regular basis including self-certification indicating that they have reviewed the risks identified within their area, and they are satisfied that the controls are operating effectively.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk, including foreign currency risk, interest rate risk and equity risk. The management establishes and reviews policies for managing each of these risks.

33.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and net investment in finance leases.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Majority of the Group's income is by way of cash and advance receipts and are supported by a deposit equivalent to one month's advance rental. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no concentration of credit risk. Cash is placed with a diversified portfolio of reputable banks and the risk of default is considered remote. Management has assessed the recoverability of its trade receivables as at the reporting date and considers them to be recoverable. Amounts due from related parties are considered by management to be fully recoverable.

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

	2014 **AED '000**	2013 AED '000
Investments held as FVPL	**5,000**	5,000
Long term loan, advances and receivables	**535,924**	579,404
Trade and other receivables	**1,036,846**	759,999
Due from related parties	**140,576**	97,810
Cash at bank	**939,538**	1,209,306
	2,657,884	2,651,519

33.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk through the use of bank overdrafts, bank loans and credit facilities.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.3 Liquidity risk (continued)

		Contractual cash flows			
	Carrying amount AED '000	**Less than one year AED '000**	**Between one to two years AED '000**	**Between two to five years AED '000**	**More than five years AED '000**
As at 31 December 2014					
Bank loans	9,014,663	3,112,466	430,020	4,676,603	2,992,045
Bank overdraft	34,980	34,980	-	-	-
Loan from related parties	8,245	1,390	6,855	-	-
Trade and other payables	5,358,967	5,222,365	80,579	28,658	131,555
Due to related parties	37,332	37,332	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	146,624	57,741	33,552	35,895	23,232
- Derivative instruments accounted as FVPL	33,879	6,102	8,521	20,284	-
	14,634,690	8,472,376	559,527	4,761,440	3,146,832
As at 31 December 2013					
Bank loans	8,214,517	1,652,026	561,623	3,809,377	4,422,619
Bank overdraft	32,661	32,661	-	-	-
Loan from related parties	125,261	120,943	6,761	-	-
Trade and other payables	4,832,962	4,758,876	74,086	-	-
Due to related parties	49,128	49,128	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	187,150	79,474	67,609	46,340	11,811
- Derivative instruments accounted as FVPL	61,502	9,440	(4,408)	47,487	19,153
	13,503,181	6,702,548	705,671	3,903,204	4,453,583

Funding and liquidity

At 31 December 2014, the Group has net current liabilities of AED 4,832 million (2013: AED 4,242 million) which includes debt maturing in the short-term of AED 2,681 million (2013: AED 1,530 million). Further, at 31 December 2014 debt maturing in the long term is AED 6,333 million (2013: AED 6,685 million). Furthermore, the next 18 months, the Group expects to incur interest cost of AED 1,066 million and capital expenditure of AED 8,421 million.

To meet the above commitments the Group has existing facilities of AED 10,063 million, cash in hand and at bank as at 31 December 2014 is AED 1,050 million and it expects to generate cash from operations of AED 6,649 million the next 18 months.

33.4 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The Group seeks to apply hedge accounting to manage volatility in its profit or loss in relation to its exposure to interest rate risk.

33.4.1 Foreign currency risk

The Group is exposed to foreign currency risk on its net investments in foreign subsidiaries and operations. The Group is also exposed to foreign currency risk on purchases denominated in foreign currencies.

The Group hedges the risk by obtaining foreign exchange forward contracts on all material foreign currency purchases. All of the forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, forward exchange contracts are rolled over at maturity.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.4 Market risk (continued)

33.4.1 Foreign currency risk (continued)

Foreign currency sensitivity analysis

A significant portion of the Group's foreign currency borrowings and balances are denominated in US Dollar (USD) and other currencies linked to US Dollar. As the Group's functional currency is currently pegged to USD any fluctuation in exchange rate is not likely to have a significant impact on Group's equity and profit or loss.

33.4.2 Interest rate risk

The Group's interest rate risk principally arises from long-term loans on floating rate. Loans issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk is managed with in the frame work of the interest rate risk management policy. The Group adopts a policy of maintaining target duration on its liability portfolio of about half year to three years. This is achieved through cash and / or by using derivative financial instruments which are eligible for hedge accounting.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2014	2013
	AED '000	AED '000
Fixed rate instruments		
Financial assets	**214,656**	205,557
Financial liabilities	**(5,181,198)**	(3,276,720)
	(4,966,542)	(3,071,163)
Floating rate instruments		
Financial assets	**98,570**	18,091
Financial liabilities	**(4,139,795)**	(5,337,610)
	(4,041,225)	(5,319,519)

* Floating rate financial liabilities include loans of AED 2,676 million (2013: AED 3,677 million) for which interest rate risk is hedged by way of interest rate derivatives.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rate at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

		Effect on profit or loss increase / (decrease)		**Effect on other comprehensive income increase / (decrease)**	
	Increase / (decrease) in basis points	**2014**	2013	**2014**	2013
		AED '000	AED '000	**AED '000**	AED '000
Floating rate instrument	+ 100	(39,431)	(48,205)	-	-
Interest rate swaps designated as cash flow hedges	+ 100	60,163	130,924	(60,163)	(130,924)
Interest rate swaps designated as FVPL	+ 100	(206,111)	(35,182)	-	-
Cash flow sensitivity (net)		**(185,379)**	**47,537**	**(60,163)**	**(130,924)**
Floating rate instrument	- 100	39,431	48,205	-	-
Interest rate swaps designated as cash flow hedges	- 100	(64,461)	(89,478)	64,461	89,478
Interest rate swaps designated as FVPL	- 100	234,201	16,367	-	-
Cash flow sensitivity (net)		**209,171**	**(24,906)**	**64,461**	**89,478**

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support future development of the business and maximize shareholder value.

The Group uses net debt to equity ratio to monitor its capital among other metrics. Capital includes equity attributable to the equity holders including retained earnings, revaluation and other reserves. The Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratio.

	2014	2013
	AED '000	AED '000
Interest bearing loans and borrowings	**9,051,033**	8,365,678
Less: cash and bank balances	**(1,049,887)**	(1,300,088)
Net debt	**8,001,146**	7,065,590
Total equity	**27,923,305**	24,163,661
Net debt to equity ratio	**29%**	29%

Regulatory capital

In respect of subsidiary of the Group involved in card operations the primary regulator, UAE Central Bank sets and monitors capital requirements for the subsidiary. In implementing current capital requirements, UAE Central Bank requires MAF Finance LLC to maintain capital at a minimum of 15% of the total available funds, calculated as follows:

Majid Al Futtaim Finance LLC

	2014	2013
	AED '000	AED '000
Paid up capital	**150,000**	150,000
Reserves	**19,106**	(17,009)
Total equity	**169,106**	132,991
Total borrowings	**100,000**	120,000
Total funds available	**269,106**	252,991
Capital ratio	**63%**	53%

Except as discussed above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an asset/liability. An asset/liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active markets for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

34.1 Financial assets and liabilities

The following table shows the carrying amount and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy.

Notes to the consolidated financial statements (continued)

34. FAIR VALUE MEASUREMENT (continued)

34.1 Financial assets and liabilities (continued)

At 31 December 2014

In thousands of AED	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	82,378	-	82,378	-
Equities held at fair value through profit and loss	5,000	-	5,000	-
	87,378	-	87,378	-
Financial liabilities				
Interest rate derivatives	180,503	-	180,503	-
Sukuk and Note liabilities	5,181,198	-	5,479,113	-
	5,361,701	-	5,659,616	-

At 31 December 2013

In thousands of AED	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	3,310	-	3,310	-
Equities held at fair value through profit and loss	5,000	-	5,000	-
	8,310	-	8,310	-
Financial liabilities				
Interest rate derivatives	248,652	-	248,652	-
Sukuk and Note liabilities	3,276,720	-	3,528,750	-
	3,525,372		3,777,402	

The management believes that the fair value of the remaining financial assets and liabilities at the reporting date are not materially different from their carrying amounts.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instrument that are substantially the same, net present value techniques and discounted cash flow methods. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The fair value of derivatives that are not exchange traded is estimated at the present value of the amount that the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparty.

The interest rates used to discount estimated cash flows, where applicable, are based on the spot rates derived from the interpolated per annum yield curve in respect of borrowings/derivatives which is 0.26% - 2.27% (2013: 0.25% - 4.89%) at the reporting date.

34.2 Non financial assets and liabilities

34.2.1 *Investment properties and property, plant and equipment*

The fair value of the investment properties and land and building included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets.

Notes to the consolidated financial statements (continued)

34. FAIR VALUE MEASUREMENT (continued)

34.2 Non financial assets and liabilities (continued)

34.2.1 ***Investment properties and property, plant and equipment*** *(continued)*

The valuation has been prepared in accordance with the RICS Valuation - Professional Standards (March 2012) (the ―Red Book). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Fair value is determined using the present value of the estimated future net cash flows for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. Investment property under construction is valued by estimating the fair value of the completed investment property and deducting the estimated costs to complete the construction. When the estimate is not reliably determinable, the investment property is carried at cost plus work in progress until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Properties held for future development (land bank) are valued using comparable methodology which involves analyzing other relevant market transactions. Comparable methodology can involve parecelisation approach where it is assumed a larger plot is subdivided and sold in smaller lots sizes over a period of time.

The fair valuation of properties constructed on gifted land reflects the External Valuers interpretation of the relevant decree and assumes that the titles are transferable to the Group within a reasonable time scale.

35. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

	2014 **AED '000**	2013 AED '000
Capital commitments	**2,649,851**	2,582,993
Group's share of capital commitments in relation to its equity accounted investees	**753,561**	661,031
Letter of credits outstanding	**845**	570
Bank guarantees outstanding	**190,602**	138,060

36. OPERATING LEASE COMMITMENTS

36.1 Leases as a lessor

The Group leases out its property under operating leases as lessor. Non-cancellable operating lease rentals are receivable as follows:

	2014 **AED '000**	2013 AED '000
Less than one year	**2,080,479**	1,639,935
Between one and five years	**3,574,042**	2,883,893
More than five years	**1,507,125**	290,241
	7,161,646	4,814,069

36.2 Leases as a lessee

The Group leases some properties under operating leases as lessee. Non-cancellable operating lease rentals are payable as follows:

	2014 **AED '000**	2013 AED '000
Less than one year	**361,693**	376,110
Between one and five years	**1,550,013**	1,605,551
More than five years	**2,475,131**	3,178,784
	4,386,837	5,160,445

Notes to the consolidated financial statements (continued)

37. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

37.1 Principal subsidiaries

The Group had the following principal subsidiaries at 31 December 2014:

			Effective ownership	
Name of subsidiary	**Country of incorporation**	**Nature of business**	**2014**	2013
Majid Al Futtaim Properties LLC	United Arab Emirates	Operating and managing commercial projects including shopping malls, hotels, restaurants, leisure, entertainment and investing in joint ventures and associates	100%	100%
Majid Al Futtaim Retail LLC	United Arab Emirates	Establishment and management of hypermarkets and other retail format stores	100%	100%
Majid Al Futtaim Ventures LLC	United Arab Emirates	Establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services	100%	100%
MAF Global Securities Limited	Cayman Islands	Structured entity established for issuance of bonds	100%	100%

37.2 Investment in associates and joint ventures

37.2.1

			Effective ownership	
Name of associate	**Country of incorporation**	**Nature of business**	**2014**	2013
Enshaa PJSC	United Arab Emirates	Contracting and developer	28.4%	28.4%
MAF Dalkia Middle East LLC	United Arab Emirates	Facilities management services	51%	51%
Hollister Fashion LLC	United Arab Emirates	Fashion retailer	51%	51%
Beam Global Limited	Bermuda	Mobile technology	30%	-
Beam Portal LLC	United Arab Emirates	Mobile technology	55%	-

37.2.2

			Effective ownership	
Name of joint venture	**Country of incorporation**	**Nature of business**	**2014**	2013
Sharjah Holding Co. PJSC	United Arab Emirates	Property developer	50%	50%
Waterfront City SARL	Lebanon	Property developer	50%	50%
The Wave Muscat S.A.O.C	Oman	Property developer	50%	50%
The Egypt Emirates Mall Group SAE	Egypt	Property developer	50%	50%
Attractions and Leisure Services Company WLL	Kuwait	Leisure and entertainment	50%	50%
Gourmet Gulf Co. LLC	United Arab Emirates	Food and Beverage	50.66%	50.66%
Al Mamzar Island Development LLC	United Arab Emirates	Property developer	50%	50%
Perfect World for Kids Entertainment Co.	Jordan	Leisure and entertainment	50%	50%

38. COMPARATIVES

Certain comparative figures in the consolidated financial statements have been reclassified or rearranged for the better presentation in accordance with the requirements of International Financial Reporting Standards.

39. SUBSEQUENT EVENTS

There have been no significant events up to the date of authorization, which would have a material effect on these consolidated financial statements.