MAJID AL FUTTAIM

GREAT MOMENTS
FOR **EVERYONE,**
EVERYDAY

MAJID AL FUTTAIM HOLDING LLC
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

Contents

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Majid Al Futtaim Holding LLC

Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial statements of Majid Al Futtaim Holding LLC ("the Company") and its subsidiaries (collectively referred as "the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated statement of profit or loss and other comprehensive income for the six month period ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2017; and
- notes to the condensed consolidated interim financial statements.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2017 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No: 1015
Dubai, United Arab Emirates

Date: 22 AUG 2017

Condensed consolidated interim statement of financial position
As at 30 June 2017

AED in millions

	Note	30 June 2017 Unaudited	31 December 2016 Audited
Non-current assets			
Property, plant and equipment	7	**12,017.8**	11,779.5
Investment properties	8	**33,860.0**	33,103.4
		45,877.8	44,882.9
Investments		**1,389.8**	1,251.6
Long term receivable from related parties	9.1	**77.0**	71.1
Intangible assets		**454.1**	454.1
Deferred tax assets		**33.4**	36.6
Other non-current assets		**2,334.2**	514.9
		4,288.5	2,328.3
Total non-current assets		**50,166.3**	47,211.2
Current assets			
Development property		**247.2**	245.4
Inventories		**1,710.2**	1,688.7
Trade and other receivables		**2,262.0**	2,189.3
Short term loans to related parties	9.2	**39.9**	24.0
Due from related parties		**169.6**	114.4
Cash in hand and at bank		**1,506.7**	1,262.5
		5,935.6	5,524.3
Current liabilities			
Trade payables, other liabilities and provisions		**8,185.3**	7,837.2
Short term loan from a related party	9.3	**118.3**	2.3
Due to related parties		**41.3**	38.0
Bank overdraft	10	**489.0**	539.4
Short term loan	11	**183.7**	51.4
Current maturity of long term loans	12	**2,194.0**	2,509.1
		11,211.6	10,977.4
Net current liabilities		**(5,276.0)**	(5,453.1)
Non-current liabilities			
Long term loans	12	**7,849.2**	7,764.6
Long term loans from related parties	9.4	**31.9**	32.6
Deferred tax liabilities		**113.2**	81.3
Other long term liabilities and provisions		**869.7**	773.7
Total non-current liabilities		**8,864.0**	8,652.2
Net assets		**36,026.3**	33,105.9

Condensed consolidated interim statement of financial position (continued)
As at 30 June 2017
In millions of AED

	Note	30 June 2017 Unaudited	31 December 2016 Audited
Equity			
Share capital		**2,486.7**	2,486.7
Statutory reserve		**2,440.4**	2,438.1
Revaluation reserve		**18,245.4**	18,179.1
Other reserves		**8,738.6**	7,735.1
Total equity attributable to the owners of the Company		**31,911.1**	30,839.0
Hybrid equity instrument	13	**3,653.6**	1,825.9
Non-controlling interests		**461.6**	441.0
Total equity		**36,026.3**	33,105.9

By the order of the Board on 22 August 2017:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 10 to 21 are an integral part of these condensed consolidated interim financial statements.
The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Condensed consolidated interim statement of profit or loss and other comprehensive income
For the six month period ended 30 June

AED in millions

	Note	2017 Unaudited	2016 Unaudited
Revenue	14	**15,731.9**	15,174.8
Cost of sales		**(10,729.2)**	(10,408.0)
Operating expenses		**(3,578.9)**	(3,354.4)
Finance costs - net	15	**(190.1)**	(191.7)
Other expenses - net		**(42.9)**	(63.4)
Impairment reversal/(charge) - net		**1.2**	(8.7)
Share of profit from joint ventures and associates - net		**93.7**	6.3
Profit before valuation gain on land and buildings		**1,285.7**	1,154.9
Net valuation gain on land and buildings		**12.9**	119.6
Profit before tax		**1,298.6**	1,274.5
Tax charge - net		**(43.9)**	(32.2)
Profit for the period		**1,254.7**	1,242.3
Profit for the period attributable to:			
- Owners of the Company		**1,233.8**	1,230.9
- Non-controlling interests		**20.9**	11.4
Profit for the period		**1,254.7**	1,242.3
Profit for the period		**1,254.7**	1,242.3
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Net valuation gain on land and buildings		**76.5**	182.1
Deferred tax on revaluation of land and buildings		**(10.2)**	(3.3)
		66.3	178.8
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		**2.5**	(233.1)
Net change in fair value of cash flow hedges		**(14.9)**	(45.5)
Share of other comprehensive income of equity accounted investments		**-**	0.2
		(12.4)	(278.4)
Total other comprehensive income/(loss) for the period		**53.9**	(99.6)
Total comprehensive income for the period		**1,308.6**	1,142.7
Total comprehensive income for the period attributable to:			
- Owners of the Company		**1,287.5**	1,131.6
- Non-controlling interests		**21.1**	11.1
Total comprehensive income for the period		**1,308.6**	1,142.7

The notes on pages 10 to 21 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

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

AED in millions

	Note	2017 Unaudited	2016 Unaudited
Cash flows from operating activities			
Profit for the period after tax		**1,254.7**	1,242.3
Adjustments:			
Finance costs - net	15	**190.1**	191.7
Net valuation gain on land and buildings		**(12.9)**	(119.6)
Depreciation and amortisation		**615.6**	539.5
Share of profit in joint ventures and associates - net		**(93.7)**	(6.3)
Provision for bad debts		**76.1**	71.0
Impairment (reversal)/charge - net		**(1.2)**	8.7
Provision for staff terminal benefits - net		**45.4**	42.3
Tax charge - net		**43.9**	32.2
		2,118.0	2,001.8
Changes to working capital			
Inventories		**(21.5)**	96.2
Trade and other receivables		**(410.8)**	(414.6)
Trade and other payables		**446.4**	176.1
Due from/to related parties - net		**(51.9)**	(20.4)
Tax paid		**(91.5)**	(73.8)
		(129.3)	(236.5)
Net cash generated from operating activities		**1,988.7**	1,765.3
Cash flow from investing activities			
Acquisition of property, plant and equipment, investment property and development property		**(1,464.2)**	(1,931.6)
Advance paid for acquisition of a business	19	**(1,524.3)**	-
Proceeds from sale of property, plant and equipment and investment properties		**-**	19.1
Acquisition of investments held at fair value through profit or loss - net		**(33.5)**	-
Movement in fixed deposits - net		**(88.5)**	8.3
Investment in joint ventures and associates		**-**	(9.2)
Payments against intangible assets		**-**	(11.1)
Dividend received		**2.0**	1.0
Finance income received		**23.9**	16.1
Net cash used in investing activities		**(3,084.6)**	(1,907.4)

Condensed consolidated interim statement of cash flows (continued)
For the six month period ended 30 June

AED in millions

	Note	**2017 Unaudited**	2016 Unaudited
Cash flow from financing activities			
Short term loan granted to related parties		**(15.9)**	-
Short term loan received from a related party	9.3	**99.0**	94.2
Short term loan repaid to a related party	9.3	**(133.0)**	(286.9)
Long term loan from related parties - net		**(0.7)**	33.4
Long term loans received	12	**3,737.7**	1,355.2
Long term loans repaid	12	**(3,984.1)**	(811.4)
Short term loans received	11	**1,421.5**	1,413.9
Short term loans repaid	11	**(1,289.2)**	(1,413.9)
Issuance of hybrid equity instrument - net	13	**1,827.7**	-
Capital contribution in a subsidiary by non-controlling interest		**5.9**	-
Payment against finance lease liability		**(2.0)**	(35.0)
Finance cost paid		**(295.3)**	(317.2)
Coupon paid on hybrid equity instrument		**(65.4)**	(65.4)
Dividend paid to non-controlling interest		**(4.2)**	(3.7)
Net cash generated from/(used in) financing activities		**1,302.0**	(36.8)
Net increase/(decrease) in cash and cash equivalents		**206.1**	(178.9)
Cash and cash equivalents at the beginning of the period		**631.2**	1,386.0
Cash and cash equivalents at the end of the period		**837.3**	1,207.1
Cash and cash equivalents comprise:			
Cash in hand and at bank		**1,506.7**	1,207.1
Less: fixed deposits with an original maturity of more than three months		**(180.4)**	-
Less: bank overdraft		**(489.0)**	-
		837.3	1,207.1

The notes on pages 10 to 21 are an integral part of these condensed consolidated interim financial statements.

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

	Attributable to owners of the Company										
					Other reserves						
	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total other reserves	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2016 (audited)	**2,486.7**	**2,045.9**	**17,899.5**	**7,651.7**	**(95.6)**	**(460.9)**	**7,095.2**	**29,527.3**	**1,825.9**	**377.9**	**31,731.1**
Total comprehensive income for the period											
Net profit for the period	-	-	-	1,230.9	-	-	1,230.9	1,230.9	-	11.4	1,242.3
Other comprehensive income											
Net gain on valuation of land and buildings (note 7)	-	-	182.1	-	-	-	-	182.1	-	-	182.1
Deferred tax liability arising on revaluation of land and buildings	-	-	(3.3)	-	-	-	-	(3.3)	-	-	(3.3)
Net change in fair value of cash flow hedges	-	-	-	-	(45.5)	-	(45.5)	(45.5)	-	-	(45.5)
Currency translation differences in foreign operations	-	-	-	-	-	(232.9)	(232.9)	(232.9)	-	(0.2)	(233.1)
Share of other comprehensive income of equity accounted investments	-	-	-	0.2	-	-	0.2	0.2	-	-	0.2
Total comprehensive income for the period	**-**	**-**	**178.8**	**1,231.1**	**(45.5)**	**(232.9)**	**952.7**	**1,131.5**	**-**	**11.2**	**1,142.7**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividend declared and settled / paid	-	-	-	(210.0)	-	-	(210.0)	(210.0)	-	(3.7)	(213.7)
Total contribution by and distribution to owners	**-**	**-**	**-**	**(210.0)**	**-**	**-**	**(210.0)**	**(210.0)**	**-**	**(3.7)**	**(213.7)**
Coupon paid on hybrid equity instrument	-	-	-	(65.4)	-		(65.4)	(65.4)	-	-	(65.4)
At 30 June 2016 (unaudited)	**2,486.7**	**2,045.9**	**18,078.3**	**8,607.4**	**(141.1)**	**(693.8)**	**7,772.5**	**30,383.4**	**1,825.9**	**385.4**	**32,594.7**

The notes on pages 10 to 21 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity (continued)
For the six month period ended 30 June

AED in millions

	Attributable to owners of the Company										
					Other reserves						
	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total other reserves	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2017 (audited)	**2,486.7**	**2,438.1**	**18,179.1**	**9,670.2**	**(35.0)**	**(1,900.1)**	**7,735.1**	**30,839.0**	**1,825.9**	**441.0**	**33,105.9**
Total comprehensive income for the period											
Net profit for the period	-	-	-	1,233.8	-	-	1,233.8	1,233.8	-	20.9	1,254.7
Other comprehensive income											
Net gain on valuation of land and buildings (note 7)	-	-	76.5	-	-	-	-	76.5	-	-	76.5
Deferred tax liability arising on revaluation of land and buildings	-	-	(10.2)	-	-	-	-	(10.2)	-	-	(10.2)
Net change in fair value of cash flow hedges	-	-	-	-	(14.9)	-	(14.9)	(14.9)	-	-	(14.9)
Currency translation differences in foreign operations	-	-	-	-	-	2.3	2.3	2.3	-	0.2	2.5
Total comprehensive income for the period	**-**	**-**	**66.3**	**1,233.8**	**(14.9)**	**2.3**	**1,221.2**	**1,287.5**	**-**	**21.1**	**1,308.6**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividend declared and settled / paid	-	-	-	(150.0)	-	-	(150.0)	(150.0)	-	(4.2)	(154.2)
Capital contribution in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	5.9	5.9
Adjustment to non-controlling interest on finalization of purchase price allocation	-	-	-	-	-	-	-	-	-	(2.2)	(2.2)
Transfer to statutory reserve	-	2.3	-	(2.3)	-	-	(2.3)	-	-	-	-
Total contribution by and distribution to owners	**-**	**2.3**	**-**	**(152.3)**	**-**	**-**	**(152.3)**	**(150.0)**	**-**	**(0.5)**	**(150.5)**
Issuance of hybrid equity instrument	-	-	-	-	-	-	-	-	1,827.7	-	1,827.7
Coupon paid on hybrid equity instrument	-	-	-	(65.4)	-	-	(65.4)	(65.4)	-	-	(65.4)
At 30 June 2017 (unaudited)	**2,486.7**	**2,440.4**	**18,245.4**	**10,686.3**	**(49.9)**	**(1,897.8)**	**8,738.6**	**31,911.1**	**3,653.6**	**461.6**	**36,026.3**

The notes on pages 10 to 21 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim 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. 2 of 2015 as applicable to commercial companies.

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as "the Group"), and the Group's interest in jointly controlled entities and associates. 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, food and beverages, healthcare and investment activities. Majid Al Futtaim Holding LLC is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company"), which is also the ultimate parent company.

The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.
The subsidiaries, associates and jointly controlled entities of the Group at 30 June 2017 are not materially different from those disclosed in the consolidated financial statements for the year ended 31 December 2016.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 - Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the last annual audited consolidated financial statements as at and for the year ended 31 December 2016. These condensed consolidated interim financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2016.

(b) Use of estimates and judgments

In preparing the condensed consolidated interim 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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual audited consolidated financial statements as at and for the year ended 31 December 2016.

Standards, amendments and interpretations that are mandatorily effective from the current interim period:

- Annual Improvements to IFRSs 2014–2016 Cycle (various standards (Amendments to IFRS 12))
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)

These standards and amendments do not have a significant impact on Group's consolidated financial statements as at 30 June 2017.

Standards, amendments and interpretations that are issued but not yet effective

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- Transfers of Investment Property (Amendments to IAS 40)
- Annual Improvements to IFRSs 2014–2016 Cycle – various standards (Amendments to IFRS 1 and IAS 28)

Notes to the condensed consolidated interim financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 16 Leases
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group does not have plans to early adopt any of these standards. The Group is currently assessing the impact of new acccounting standards on the consolidated financial statements of the Group in future periods:

- The application of IFRS 9 may have an impact on amounts reported and disclosures made in Group's consolidated financial statements in respect of Group's financial assets and financial liabilities. The management is currently assessing the effects of the application as part of Group's review of new accounting standards.
- Management has conducted an initial assessment of IFRS 15 and is in the process of quantifying the impact on the consolidated financial statements.
- Where the Group, is a lessee, management is assessing the potential impact of IFRS 16 for non-cancellable operating leases. In cases where Group is a lessor (for both operating and finance leases), management does not anticipate that the application of IFRS 16 will have significant impact on the amounts recognised in Group's consolidated financial statements. For finance leases where Group is the lessee, the Group has already recognised an asset and a related finance lease liability for the lease arrangement.
- Management does not expect a significant impact on these financial statements in relation to the remaining standards, amendments and interpretations mentioned above.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's Financial Risk Management objectives, policies and procedures are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended 31 December 2016.

5. SEASONALITY AND CYCLICALITY

There is no material seasonality or cyclicality impacting interim financial reporting.

6. SEGMENT REPORTING

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.

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.

Notes to the condensed consolidated interim financial statements (continued)

6. SEGMENT REPORTING (continued)

6.1 By business

The segment information provided to the Board of Directors for the reportable segments for the six month period ended 30 June 2017 are as follows:

(AED in millions)	Properties	Retail	Ventures	Head office	Total
30 June 2017 (Unaudited)					
Revenue					
Gross revenue	2,281.8	12,610.5	1,006.6	-	15,898.9
Inter segment revenue	(167.0)	-	-	-	(167.0)
Revenue from external customers	2,114.8	12,610.5	1,006.6	-	15,731.9
Results from continuing operations					
EBITDA	1,466.2	552.9	93.3	(72.9)	2,039.5
Eliminations and adjustments					(8.4)
					2,031.1
Depreciation and amortisation expense	(213.1)	(170.2)	(142.1)	(4.7)	(530.1)
Eliminations and adjustments					(85.5)
					(615.6)
Finance (costs)/income - net	(207.3)	30.3	(50.1)	288.1	61.0
Eliminations and adjustments					(251.1)
					(190.1)
Net profit/(loss) after tax	1,069.8	405.0	(119.0)	982.2	2,338.0
Eliminations and adjustments					(1,083.3)
					1,254.7
Capital expenditure	(992.1)	(255.4)	(294.3)	(9.9)	(1,551.7)
Total assets	46,431.8	6,058.6	3,472.9	347.7	56,311.0
Eliminations and adjustments					(209.1)
					56,101.9

Notes to the condensed consolidated interim financial statements (continued)

6. SEGMENT REPORTING (continued)

6.1 By business (continued)

The segment information provided to the Board of Directors for the reportable segments for the six month period ended 30 June 2016 are as follows:

(AED in millions)	**Properties**	**Retail**	**Ventures**	**Head office**	**Total**
30 June 2016 (Unaudited)					
Revenue					
Gross revenue	2,188.6	12,271.5	869.5	-	15,329.6
Inter segment revenue	(154.8)	-	-	-	(154.8)
Revenue from external customers	2,033.8	12,271.5	869.5	-	15,174.8
Results from continuing operations					
EBITDA	1,394.4	582.2	56.2	(82.0)	1,950.8
Eliminations and adjustments					(4.3)
					1,946.5
Depreciation and amortisation expense	(203.8)	(163.9)	(95.7)	(2.7)	(466.1)
Eliminations and adjustments					(73.4)
					(539.5)
Finance (costs)/income - net	(183.7)	39.0	(24.0)	283.6	114.9
Eliminations and adjustments					(306.6)
					(191.7)
Net profit after tax	1,126.8	397.4	(87.2)	885.4	2,322.4
Eliminations and adjustments					(1,080.1)
					1,242.3
Capital expenditure	(1,643.6)	(204.6)	(158.9)	(5.1)	(2,012.2)
31 December 2016 (Audited)					
Total assets	45,285.8	6,092.3	3,148.5	288.3	54,814.9
Eliminations and adjustments					(2,079.4)
					52,735.5

Notes to the condensed consolidated interim financial statements (continued)

7. PROPERTY, PLANT AND EQUIPMENT

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

(AED in millions)	**30 June 2017 Unaudited**	30 June 2016 Unaudited
Capital expenditure	**649.1**	537.9
Disposals / write offs / adjustments	**(4.8)**	(19.1)
Depreciation charge for the period	**(581.9)**	(514.9)
Valuation (loss) / gain of land and buildings		
- recognised in other comprehensive income	**76.5**	182.1
- recognised in profit or loss	**(55.8)**	(46.1)
	20.7	136.0
Impairment reversal/(charge) - net	**2.4**	(8.0)

7.1 *Measurement of fair value*

The fair value measurement for land and buildings of AED 8,301.3 million (31 Dec 2016: AED 8,310.8 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

8. INVESTMENT PROPERTIES

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

(AED in millions)	**30 June 2017 Unaudited**	30 June 2016 Unaudited
Capital expenditure	**902.6**	1,474.3
Valuation gain recognised in profit or loss	**68.7**	165.7

8.1 During the period, the Group completed the construction of a shopping mall in Egypt. The mall was fair valued at the reporting date and is classified within Investment Properties amounting to AED 809.9 million and Property, Plant and Equipment at AED 154.6 million.

8.2 *Measurement of fair value*

The fair value measurement for investment property of AED 33,860.0 million (31 Dec 2016: AED 33,103.4 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

9. 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.

Notes to the condensed consolidated interim financial statements (continued)

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.1 Long term receivable from related parties

(AED in millions)	**30 June 2017 Unaudited**	31 December 2016 Audited
Receivable from joint ventures	**61.9**	61.9
Less: discounting of receivable	**(7.0)**	(13.4)
	54.9	48.5
Receivable from a minority shareholder	**19.5**	19.1
Receivable from a joint operator	**2.60**	3.5
	77.0	71.1

9.2 Short term loans to related parties

In September 2016, a subsidiary of the Group, entered into an agreement with its joint venture, to provide a loan of EGP 118.5 million, amounting to AED 24.9 million (31 December 2016: AED 24.0 million) as at the reporting date. The loan will be settled within one year from the date of signing the agreement. Accordingly this loan has been classified as short-term in these condensed consolidated interim financial statements.

Short term loans also include loans to another joint venture of AED 11.1 million and an associate of AED 3.9 million.

9.3 Short term loan from a related party

(AED in millions)	**30 June 2017 Unaudited**	30 June 2016 Unaudited
At 1 January	**2.3**	53.1
Borrowed during the period	**99.0**	94.2
Adjustment for dividend settlement	**150.0**	210.0
Payments/adjustments made during the period	**(133.0)**	(286.9)
	118.3	70.4

9.3.1 The above loan is obtained from the Parent Company, against a loan facility of AED 500 million, renewable every year.

9.4 Long term loans from related parties

Long term loans from related parties include:

- The un-secured loan amounting to AED 29.7 million (31 December 2016: AED 29.7 million) by a Group's subsidiary from it's non-controlling shareholder repayable upon the fifth anniversary of the agreement dated August 2015.
- AED 2.2 million (31 December 2016: AED 2.9 million) loan is obtained by a Group's joint operation from a joint operator.

9.5 Related party transactions

9.5.1 During the period, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs relating to such projects and proportion of management time and travel costs, amounting to AED 19.4 million (30 June 2016: nil), incurred on these projects have been cross charged to the Parent Company.

9.5.2 During the period, the Parent Company has subsidized a proportion of costs, amounting to AED 6 million (30 June 2016: nil), incurred in respect of rollout and operations of the Leadership Institute.

Notes to the condensed consolidated interim financial statements (continued)

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.5 Related party transactions (continued)

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

(AED in millions)	**30 June 2017 Unaudited**	30 June 2016 Unaudited
Directors' fees and expenses	**8.7**	6.5
Employee benefits (salaries and allowances including provision for bonus)	**56.2**	51.3
Post employment benefits (provision for end of service benefits)	**2.6**	3.2
	67.5	61.0

10. BANK OVERDRAFT

(AED in millions)	**30 June 2017 Unaudited**	31 December 2016 Audited
Bank overdraft	**489.0**	539.4

10.1 The Group has bank overdraft facilities aggregating to AED 914 million (31 December 2016: AED 914 million). The facilities carry interest at 0.75% - 3% above the base lending equivalent and the drawn amounts are repayable on demand.

11. SHORT TERM LOAN

(AED in millions)	**30 June 2017 Unaudited**	30 June 2016 Unaudited
At 1 January	**51.4**	-
Borrowed during the period	**1,421.5**	1,413.9
Repaid during the period	**(1,289.2)**	(1,413.9)
	183.7	-

11.1 The loan is a revolving facility of USD 100 million (AED 367.3 million) with a margin of 1.3% (30 June 2016: 1.3%) per annum over 1 week LIBOR maturing within 6 months from the date of each drawdown.

12. LONG TERM LOANS

(AED in millions)	**30 June 2017 Unaudited**	30 June 2016 Unaudited
At 1 January	**10,273.7**	10,586.0
Borrowed during the period	**3,737.7**	1,355.2
Fair value movement	**16.1**	172.0
Repaid during the period	**(3,984.1)**	(811.4)
Currency translation adjustment	**(0.2)**	(98.3)
	10,043.2	11,203.5
Less: Current maturity of long term loans	**(2,194.0)**	(3,964.6)
Non-current portion	**7,849.2**	7,238.9

Notes to the condensed consolidated interim financial statements (continued)

12. LONG TERM LOANS (continued)

12.1 The floating rate loans carry margins ranging from 1.0% to 3.6% (30 June 2016: 1.2% to 3.8%) per annum over the base lending rate, whilst fixed rate on loans ranges from 4.5% to 5.3% (30 June 2016: 4.5% to 5.9%). 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.

12.2 The details of long term loans are mentioned below:

(AED in millions)

Loan facility 'in millions	Repayment interval	Repayment commencing	Maturity date	Note	30 June 2017 Unaudited	31 December 2016 Audited
EGP 3,000	Unequal installments every year	26-Jul-17	28-Apr-26	12.3	**600.1**	513.7
AED 225	Semi-annual	29-Sep-13	29-Mar-21	12.4	**91.2**	154.8
USD 45	Semi-annual	5-Nov-15	5-May-22	12.5	**47.7**	114.8
USD 8.3	Annual	27-Sep-16	27-Sep-18	12.5	**19.3**	19.3
LBP 170,633	Annual	20-Mar-16	20-Sep-22	12.5	**369.0**	394.7
EGP 2,500	Unequal installments every year	28-Sep-21	28-Sep-30	12.6	**40.5**	-
KES 1,530	Semi-annual	31-Dec-18	15-Mar-20	12.7	**54.2**	36.0
GEL 10.9	Semi-annual	17-Mar-18	17-Mar-21	12.7	**16.7**	15.1
PKR 1,850	Quarterly	6-Aug-18	9-May-21	12.8	**64.9**	38.6
USD 400	Bullet	NA	7-Feb-17	12.9	**-**	1,468.8
USD 500	Bullet	NA	3-Nov-25	12.9	**1,815.3**	1,808.9
USD 200	Revolver	NA	26-Feb-22		**73.5**	-
AED 3,049	Revolver	NA	26-Feb-22		**304.9**	-
USD 500	Bullet	NA	5-Jul-19	12.10	**1,828.4**	1,829.0
USD 800	Bullet	NA	7-May-24	12.10	**3,002.5**	3,007.1
USD 100	Revolver	NA	24-Jul-19		**146.5**	366.8
USD 800	Revolver	NA	16-Sep-20		**1,568.5**	506.1
USD 500	Revolver	NA	30-Jun-21		**-**	-
					10,043.2	10,273.7

12.3 In 2013, a loan facility of EGP 3,000 million was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall, which is secured by assignment of lease proceeds and insurance contracts.

12.4 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.

12.5 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.

12.6 During 2016, a loan facility of EGP 2,500 million was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall.

12.7 During 2016, term loan facilities of KES 1,530 million and GEL 10.9 million were obtained by the Group's subsidiaries in Kenya and Georgia respectively.

Notes to the condensed consolidated interim financial statements (continued)

12. LONG TERM LOANS (continued)

12.8 During 2016, a term loan facility of PKR 1,850 million was obtained by a subsidiary in Pakistan, which is secured by a bank guarantee issued to lending bank amounting to PKR 1,575 million and a charge on inventory amounting to PKR 500 million.

12.9 In 2015, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 1,500 million, from USD 1,000 million, and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the "Wakala" structure.

In November 2015, the Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,836.5 million). The ten year senior unsecured bonds issued in November under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange. The terms of the arrangement include payment to the Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio".

In substance, the Wakala Portfolio remains 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 4.5% per annum on a semi-annual basis to be serviced from returns generated from the Wakala Portfolio.

The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the Sukuk Program, USD 200 million (31 December 2016: USD 600 million) is hedged by interest rate swaps and accordingly, carried at fair value.

In February 2017, the Group repaid the five year Sukuk certificates amounting to USD 400 milion (AED 1,469 million) on maturity.

12.10 In July 2012, under the USD 2,000 million Global Medium Term Note (GMTN) Program (increased to USD 3,000 million in 2015), the Group had issued seven year fixed rate unsecured bonds of USD 500 million (AED 1,837 million), ten year fixed rate unsecured bonds in May 2014 of USD 500 million (AED 1,837 million) and additional USD 300 million (AED 1,102 million) as part of May 2014 issue in July 2016. 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 the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates of the Program have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 925 million (31 December 2016: USD 825 million) is hedged by interest rate swaps and accordingly, carried at fair value.

13. HYBRID EQUITY INSTRUMENTS

(AED in millions)

Hybrid Prepetual Note Instruments	Amount	Interest rate	Call date	Reset terms	30 June 2017 Unaudited	31 December 2016 Audited
October 2013	USD 500 million	7.125% payable semi-annually in arrears	29-Oct-18	5 years to a new fixed rate plus the margin	**1,825.9**	1,825.9
March 2017	USD 500 million	5.5% payable semi-annually in arrears	7-Sep-22	5.5 years to first reset, thereafter 5 years and a new fixed rate plus the margin	**1,827.7**	-
					3,653.6	1,825.9

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 19.4 million (31 December 2016: AED 10.5 million). These hybrid prepetual note instruments are listed on the Irish Stock Exchange.

Notes to the condensed consolidated interim financial statements (continued)

14. REVENUE

(AED in millions)	Six months ended 30 June **2017** **Unaudited**	2016 Unaudited
Sale of goods	**11,711.8**	11,513.3
Listing fees, gondola fees and commissions	**1,016.1**	926.5
Rental income	**1,625.0**	1,558.4
Leisure and entertainment	**776.3**	604.7
Hospitality revenue	**361.9**	362.2
Others	**240.8**	209.7
	15,731.9	15,174.8

15. FINANCE COSTS - NET

(AED in millions)	Six months ended 30 June **2017** **Unaudited**	2016 Unaudited
Finance costs:		
Arrangement and participation fee	**(30.5)**	(20.2)
Interest charges on bank loans	**(280.3)**	(442.0)
Finance charges on related party balances	**(10.1)**	-
Capitalized interest on development expenditure	**59.7**	66.8
	(261.2)	(395.4)
Changes in the fair value/settlement of derivatives held as FVPL	**(0.3)**	(0.1)
Cash flow hedges reclassified from hedging reserve	**(7.4)**	(22.9)
Bond programme cost	**(3.6)**	(2.2)
	(272.5)	(420.6)
Finance income:		
Interest income on bank balances	**23.9**	16.8
Interest income from operational financing	**9.7**	11.3
Cash flow hedges reclassified from hedging reserve	**13.6**	1.8
Changes in the fair value/settlement of derivatives held as FVPL	**35.2**	199.0
	82.4	228.9
	(190.1)	(191.7)

16. FINANCIAL INSTRUMENTS

16.1 Fair values

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **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.

Notes to the condensed consolidated interim financial statements (continued)

16. FINANCIAL INSTRUMENTS (continued)

16.1 Fair values (continued)

- **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 or the most advantageous market 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.

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

At 30 June 2017 (Unaudited)

(AED in millions)	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	72.8	-	72.8	-
Investment held at fair value through profit and loss	51.4	-	51.4	-
	124.2	-	124.2	-
Financial liabilities				
Interest rate derivatives	110.7	-	110.7	-
Sukuk and Note liabilities	6,646.2	-	6,986.4	-
	6,756.9	-	7,097.1	-

At 31 December 2016 (Audited)

(AED in millions)	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	90.3	-	90.3	-
Investment held at fair value through profit and loss	3.2	-	3.2	-
	93.5	-	93.5	-
Financial liabilities				
Interest rate derivatives	131.3	-	131.3	-
Sukuk and Note liabilities	8,113.8	-	8,342.8	-
	8,245.1	-	8,474.1	-

There were no changes in valuation techniques during the periods.

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 techniques. 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.

Notes to the condensed consolidated interim financial statements (continued)

16. FINANCIAL INSTRUMENTS (continued)

16.1 Fair values (continued)

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.

17. FUNDING AND LIQUIDITY MANAGEMENT

At 30 June 2017, the Group has net current liabilities of AED 5,276.0 million (31 December 2016: AED 5,453.1 million) which includes debt maturing in the short-term of AED 3,009.9 million (31 December 2016: AED 3,127.8 million). Further, at 30 June 2017 debt maturing in the long term is AED 7,926.8 million (31 December 2016: AED 7,820.9 million).

At 30 June 2017, the Group has undrawn facilities of AED 8,045.6 million (31 December 2016: AED 11,582.0 million) and cash in hand and at bank of AED 1,506.7 million (31 December 2016: AED 1,262.5 million) to cover its liquidity needs for at least the next 18 months.

18. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	**30 June 2017 Unaudited**	31 December 2016 Audited
Capital commitments*	**5,676.5**	2,983.5
Group's share of capital commitments in relation to its equity accounted investees	**521.9**	728.9
Letters of credit outstanding	**-**	1.3
Bank guarantees outstanding	**193.1**	192.0

* Includes capital commitments related to acquisition of business (refer note 19).

19. SUBSEQUENT EVENTS

Subsequent to the period ended 30 June 2017, the Group acquired a 100% controlling interest in Retail Arabia BSC, the franchise owner of Geant in UAE, Bahrain and Kuwait. The amount paid, as part of the acquisition cost, prior to 30 June 2017 has been accounted for as an advance under 'Other non-current assets' in these condensed consolidated interim financial statements.

The fair values of the identifiable assets acquired, liabilities assumed and the amount of any goodwill that is expected to arise from the acquisition are not yet determined at the date these consolidated financial statements are authorized for issue as the acquisition has only been recently completed. The operating results, financial position and cash flows of the acquired entity will be consolidated from 1 July 2017.

20. COMPARATIVES

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