EMAAR
MALLS

مجموعة إعمار مولز ش.م.ع
ص.ب. ١٩١٧٤١، دبي
الإمارات العربية المتحدة
ت ٨٨٥٥٧٦٣٦ ٤ ٩٧١+
ف ٠٠٥٥٧٦٣٦ ٤ ٩٧١+

Emaar Malls Group PJSC
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11 November 2015

11 نوفمبر 2015

**Mr. Hasan Abdul Rahman Al Serkal**
**Executive Vice President &**
**Chief Operations Officer**
**Dubai Financial Market**
**Dubai – United Arab Emirates**

**الاستاذ/ حسن عبد الرحمن السركال الموقر**
**نائب رئيس تنفيذي – رئيس تنفيذي العمليات**
**رئيس قطاع العمليات**
**سوق دبي المالي**
**دبي- الإمارات العربية المتحدة**

**Submitted Through Efsah System**

**مقدم من خلال نظام إفصاح الإلكتروني**

**Subject: unaudited interim condensed consolidated financial statements for Q3 2015 in both English and Arabic.**

**الموضوع: البيانات المالية الموحدة الموجزة المرحلية غير المدققة للربع الثالث من العام 2015 باللغتين الإنكليزية والعربية.**

Dear Mr. Al Serkal,

تحية طيبة وبعد،

Please find attached the unaudited interim condensed consolidated financial statement of Emaar Malls Group PJSC for the third quarter of year 2015 in both English and Arabic .

مرفق طيه البيانات المالية الموحدة الموجزة المرحلية غير المدققة لشركة مجموعة إعمار مولز ش.م.ع. للربع الثالث من عام 2015 باللغتين الإنكليزية والعربية.

Yours sincerely,

وتفضلوا بقبول فائق الشكر والاحترام،،،

**Ahmad Thani Al Matrooshi**
**Board Member**

**احمد ثاني المطروشي**
**عضو مجلس الادارة**

CC: Securities and Commodities Authority

نسخة إلى هيئة الأوراق المالية والسلع

مجموعة إعمار مولز (ش.م.ع.)
Emaar Malls Group (PJSC)
P.O. Box 191741, Dubai, UAE
14

# Emaar Malls Group PJSC and its subsidiaries

## (Formerly known as Emaar Malls Group LLC)

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**30 SEPTEMBER 2015**

Building a better working world

Ernst & Young
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# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR MALLS GROUP PJSC AND ITS SUBSIDIARIES (Formerly known as Emaar Malls Group LLC)

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emaar Malls Group PJSC (the "Company") and its subsidiaries (formerly known as Emaar Malls Group LLC), (the "Group") as of 30 September 2015 and the related interim condensed consolidated statements of income and other comprehensive income for the three, nine and twelve month periods then ended, cash flows and changes in equity for the nine and twelve month periods then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with *International Accounting Standard 34 Interim Financial Reporting ("IAS 34")*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of Review

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

## Basis for Qualified Conclusion

The Group has not consolidated its investments in operating subsidiaries for the period ended 30 September 2014 and instead accounted for them at cost, which is not in compliance with International Financial Reporting Standards (IFRSs), which requires the Group to consolidate all material subsidiaries. Historically, the Group was not required to consolidate its investments in subsidiaries as the Group is a part of a Group that publicly issues consolidated financial statements. As a listed entity, the Group is no longer exempt from this requirement of IFRSs. Had the subsidiaries been consolidated, a number of elements in the accompanying interim condensed consolidated financial statements would have been affected. As disclosed in note 2, the Group's investments in subsidiaries were transferred to Emaar Properties PJSC (the "Parent Company") with effect from 3 April 2014. These consolidated financial statements were prepared without consolidating these subsidiaries as management considered that it is more useful to readers of the consolidated financial statements to see it reflected in a manner consistent with the current and future structure of the Group.

## Qualified Conclusion

Based on our review, except for the effect of the matter described in the Basis for Qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

Signed by:
Anthony O'Sullivan
Partner
Registration Number 687

8 November 2015

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

Emaar Malls Group PJSC and its subsidiaries
(Formerly known as Emaar Malls Group LLC)

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2015 (unaudited)

| | | *(US $1.00 = AED 3.673)* | | | | |
|---|---|---|---|---|---|---|
| | Notes | **1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* | *1 July 2015 to 30 September 2015 AED'000* | *1 July 2014 to 30 September 2014 AED'000* |
| **REVENUE** | | | | | | |
| Rental income | 4 | **2,968,834** | **2,171,501** | 1,896,687 | **719,661** | 646,381 |
| Other income | | **22,123** | **19,098** | 11,248 | **8,448** | 3,501 |
| **Total revenue** | | **2,990,957** | **2,190,599** | 1,907,935 | **728,109** | 649,882 |
| **EXPENSES** | | | | | | |
| Operating expenses | 5 | **(475,908)** | **(341,099)** | (307,685) | **(122,937)** | (128,056) |
| Sales and marketing expenses | | **(73,378)** | **(32,879)** | (25,040) | **(14,998)** | (8,452) |
| Depreciation of property, plant and equipment | | **(72,430)** | **(53,075)** | (55,531) | **(17,306)** | (18,143) |
| Depreciation of investment properties | | **(264,051)** | **(200,483)** | (190,426) | **(69,763)** | (64,014) |
| Write-off | 6 | **(9,782)** | **(9,782)** | - | - | - |
| General and administrative expenses | | **(199,589)** | **(131,652)** | (100,148) | **(58,616)** | (36,992) |
| Finance costs | 7 | **(262,159)** | **(200,204)** | (290,746) | **(68,129)** | (73,042) |
| **Total expenses** | | **(1,357,297)** | **(969,174)** | (969,576) | **(351,749)** | (328,699) |
| **PROFIT FOR THE PERIOD** | 8 | **1,633,660** | **1,221,425** | 938,359 | **376,360** | 321,183 |
| Earnings per share (AED): - basic and diluted | 9 | **0.13** | **0.09** | 0.32 | **0.03** | 0.04 |

* *The period 1 October 2014 to 30 September 2015 is disclosed to provide additional information on the results post the initial public offering.*

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Malls Group PJSC and its subsidiaries
(Formerly known as Emaar Malls Group LLC)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2015 (unaudited)

| | *(US $1.00 = AED 3.673)* | | | | |
|---|---|---|---|---|---|
| | ***1 October 2014 to 30 September 2015 AED'000*** | ***1 January 2015 to 30 September 2015 AED'000*** | *1 January 2014 to 30 September 2014 AED'000* | ***1 July 2015 to 30 September 2015 AED'000*** | *1 July 2014 to 30 September 2014 AED'000* |
| **Profit for the period** | **1,633,660** | **1,221,425** | 938,359 | **376,360** | 321,183 |
| ***Other comprehensive income to be reclassified to the consolidated income statement in subsequent period:*** | | | | | |
| Other comprehensive (loss)/ income: | | | | | |
| Net movement on cash flow hedges | **(51,432)** | **(49,616)** | 33,719 | **(35,906)** | 6,240 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **1,582,228** | **1,171,809** | 972,078 | **340,454** | 327,423 |

* *The period 1 October 2014 to 30 September 2015 is disclosed to provide additional information on the results post the initial public offering.*

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Malls Group PJSC and its subsidiaries
(Formerly known as Emaar Malls Group LLC)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015 (unaudited)

| | Notes | *(US $1.00 = AED 3.673)* *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 272,422 | 320,779 |
| Investment properties | | 20,583,286 | 20,464,639 |
| | | 20,855,708 | 20,785,418 |
| **Current assets** | | | |
| Inventories | | 14,391 | 14,415 |
| Trade receivables | 12 | 125,307 | 106,708 |
| Advances, prepayments and other receivables | | 87,634 | 72,325 |
| Due from related parties | 13 | 166,565 | 215,000 |
| Bank balances and cash | 14 | 2,636,612 | 1,363,958 |
| | | 3,030,509 | 1,772,406 |
| **TOTAL ASSETS** | | 23,886,217 | 22,557,824 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 15 | 13,014,300 | 13,014,300 |
| Reserves | 16 | 82,634 | 132,250 |
| Retained earnings | | 1,875,552 | 654,127 |
| **TOTAL EQUITY** | | 14,972,486 | 13,800,677 |
| **Non-current liabilities** | | | |
| Employees' end of service benefits | | 16,611 | 14,757 |
| Interest bearing loans and borrowings | 17 | 4,549,354 | 4,543,886 |
| Sukuk | 18 | 2,735,413 | 2,734,008 |
| Retentions payable after 12 months | | 18,638 | 16,574 |
| | | 7,320,016 | 7,309,225 |
| **Current liabilities** | | | |
| Due to related parties | 13 | 25,902 | 98,372 |
| Accounts payable and accruals | 19 | 398,768 | 362,748 |
| Advances and security deposits | | 736,666 | 521,870 |
| Retentions payable within 12 months | | 13,136 | 4,130 |
| Deferred income | | 419,243 | 460,802 |
| | | 1,593,715 | 1,447,922 |
| **TOTAL LIABILITIES** | | 8,913,731 | 8,757,147 |
| **TOTAL EQUITY AND LIABILITIES** | | 23,886,217 | 22,557,824 |

The consolidated financial statements were authorised for issue on 8 November 2015 by Board of ~~Directors and~~ signed on their behalf by:

Chairman

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Malls Group PJSC and its subsidiaries
(Formerly known as Emaar Malls Group LLC)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2015 (unaudited)

| | Notes | *1 October 2014 to 30 September 2015 AED'000 | 1 January 2015 to 30 September 2015 AED'000 | 1 January 2014 to 30 September 2014 AED'000 |
|---|---|---|---|---|
| | | *(US $1.00 = AED 3.673)* | | |
| **OPERATING ACTIVITIES** | | | | |
| Profit for the period | | **1,633,660** | **1,221,425** | 938,359 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 10 | **72,430** | **53,075** | 55,531 |
| Depreciation of investment properties | 11 | **264,051** | **200,483** | 190,426 |
| Provision/(reversal) for doubtful debts | | **8,301** | **974** | (8,413) |
| Doubtful debts written-off | | **-** | **-** | 42 |
| Provision for employees' end of service benefits | | **3,878** | **2,998** | 3,418 |
| Finance costs | | **262,159** | **200,204** | 290,746 |
| Loss on disposal of property, plant and equipment | | **29** | **24** | 53 |
| Liabilities no longer payable | 8 | **-** | **-** | (45,025) |
| Other income | | **(22,123)** | **(19,098)** | (11,248) |
| Write-off | 6 | **9,782** | **9,782** | - |
| | | **2,232,167** | **1,669,867** | 1,413,889 |
| Working capital changes: | | | | |
| Inventories | | **337** | **24** | (204) |
| Trade receivables | | **(45,914)** | **(19,573)** | 114,989 |
| Due from related parties | | **51,065** | **48,435** | (45,740) |
| Advances, prepayments and other receivables | | **5,365** | **(5,971)** | (53,547) |
| Due to related parties | | **1,088** | **(72,800)** | (315,367) |
| Accounts payable and accruals | | **(57,173)** | **(44,548)** | 148,305 |
| Advances and security deposits | | **254,039** | **214,796** | 37,198 |
| Retentions payable | | **15,750** | **11,070** | 12,511 |
| Deferred income | | **(10,993)** | **(41,559)** | 53,739 |
| Net cash flows from operations | | **2,445,731** | **1,759,741** | 1,365,773 |
| Employees' end of service benefits paid | | **(978)** | **(814)** | (471) |
| Net cash flows from operating activities | | **2,444,753** | **1,758,927** | 1,365,302 |
| **INVESTING ACTIVITIES** | | | | |
| Purchases of property, plant and equipment | 10 | **(48,383)** | **(30,699)** | (76,846) |
| Amounts incurred on investment properties | 11 | **(389,506)** | **(302,955)** | (288,957) |
| Interest received | | **15,343** | **9,760** | 12,998 |
| Proceeds from disposal of property, plant and equipment | | **26** | **-** | 91 |
| Deposits under lien or maturing after three months | | **(1,837,878)** | **(1,292,872)** | 435,384 |
| Net cash flows (used in)/ from investing activities | | **(2,260,398)** | **(1,616,766)** | 82,670 |

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period ended 30 September 2015 (unaudited)

| | Notes | *(US $1.00 = AED 3.673)* | | |
|---|---|---|---|---|
| | | **1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* |
| **FINANCING ACTIVITIES** | | | | |
| Repayment of parent company loan | | - | - | (1,583,493) |
| Proceeds from interest bearing loans and borrowings | | - | - | 4,591,250 |
| Repayment of interest bearing loans and borrowings | | - | - | (3,510,000) |
| Proceeds from issuance of Sukuk | | - | - | 2,754,750 |
| Dividend paid | | - | - | (3,554,750) |
| Finance cost paid | | **(250,642)** | **(162,379)** | (208,033) |
| Net cash flows used in financing activities | | **(250,642)** | **(162,379)** | (1,510,276) |
| **DECREASE IN CASH AND CASH EQUIVALENTS** | | **(66,287)** | **(20,218)** | (62,304) |
| Cash and cash equivalents at 1 October/ 1 January | | **94,331** | **48,262** | 156,635 |
| **CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER** | 14 | **28,044** | **28,044** | 94,331 |
| **SUPPLEMENTAL NON-CASH INFORMATION** | | | | |
| Transfer of land against increase in share capital | 11 | - | - | 13,014,000 |

* *The period 1 October 2014 to 30 September 2015 is disclosed to provide additional information on the results post the initial public offering.*

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Malls Group PJSC and its subsidiaries
(Formerly known as Emaar Malls Group LLC)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2015 (unaudited)

*(US $1.00 = AED 3.673)*

| **1 October 2014 to 30 September 2015:* | *Share capital AED'000* | *Reserves AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|
| As at 1 October 2014 | 13,014,300 | (993) | 376,951 | 13,390,258 |
| Profit for the period | - | - | 1,633,660 | 1,633,660 |
| Other comprehensive loss for the period | - | (51,432) | - | (51,432) |
| **Total comprehensive income/ (loss) for the period** | **-** | **(51,432)** | **1,633,660** | **1,582,228** |
| Transferred to statutory reserve (note 16) | - | 135,059 | (135,059) | - |
| **As at 30 September 2015** | **13,014,300** | **82,634** | **1,875,552** | **14,972,486** |

| *1 January 2015 to 30 September 2015:* | *Share capital AED'000* | *Reserves AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|
| As at 1 January 2015 | 13,014,300 | 132,250 | 654,127 | 13,800,677 |
| Profit for the period | - | - | 1,221,425 | 1,221,425 |
| Other comprehensive loss for the period | - | (49,616) | - | (49,616) |
| **Total comprehensive income/ (loss) for the period** | **-** | **(49,616)** | **1,221,425** | **1,171,809** |
| **As at 30 September 2015** | **13,014,300** | **82,634** | **1,875,552** | **14,972,486** |

| *1 January 2014 to 30 September 2014:* | *Share capital AED'000* | *Reserves AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|
| As at 1 January 2014 | 300 | (34,712) | 2,993,342 | 2,958,930 |
| Profit for the period | - | - | 938,359 | 938,359 |
| Other comprehensive income for the period | - | 33,719 | - | 33,719 |
| Total comprehensive income for the period | - | 33,719 | 938,359 | 972,078 |
| Issuance of share capital | 13,014,000 | - | - | 13,014,000 |
| Dividend paid | - | - | (3,554,750) | (3,554,750) |
| As at 30 September 2014 | 13,014,300 | (993) | 376,951 | 13,390,258 |

** The period 1 October 2014 to 30 September 2015 is disclosed to provide additional information on the results post the initial public offering.*

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

## 1 CORPORATE INFORMATION

Emaar Malls Group Public Joint Stock Company (the "Company") and its subsidiaries (together the "Group") was established as a public joint stock company by Ministerial Decree number 922 of the year 2014 dated 30 September 2014.

The Company is a subsidiary of Emaar Properties PJSC (the "Parent Company"); a Company incorporated in the United Arab Emirates and listed on the Dubai Financial Market. In 2014, the Parent Company converted the legal status of the Company from that of a limited liability company to public joint stock company and sold 15.37% of their shareholding in the Company through an Initial Public Offering ("IPO"). The Company is listed on the Dubai Financial Market and its shares were traded with effect from 2 October 2014.

The principal activities of the Group are retail development and management of shopping malls.

The address of the registered office of the Group is P.O. Box 191741, Dubai, United Arab Emirates.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation**

The interim condensed consolidated financial statements of the Group for the period ended 30 September 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and applicable requirements of United Arab Emirates law with investments in operating subsidiaries recorded at cost. The operating subsidiaries of the Group have been transferred to the Parent Company with effect from 3 April 2014. Prior to 3 April 2014, the Group had control over the operating subsidiaries and consequently is required by IFRS 10 'Consolidated financial statements', to present consolidated financial statements. Historically, the Group was not required to prepare consolidated financial statements as the Group is part of a group that publicly issues consolidated financial statements. As the Group is now a listed entity, IFRSs require consolidated financial statements to be prepared. However, given that the only material operating subsidiaries were transferred by the Group in April 2014, these interim condensed consolidated financial statements with investments in operating subsidiaries recorded at cost are deemed to be reflective of current and future operations and therefore of more value to users.

The period 1 October 2014 to 30 September 2015 is disclosed to provide additional information on the results post the initial public offering.

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and applicable requirements of United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statements as at 31 December 2013 and consolidated financial statements as at 31 December 2014.

Results for the nine months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency and all values are rounded to the nearest thousand except where otherwise indicated.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 September 2015. Control is achieved where all the following criteria are met:

(a) the Company has power over an entity;
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Basis of consolidation (continued)**
When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

The details of the Company's subsidiaries as at 30 September 2015 are as follows:

| *Name of the subsidiary* | *Country of incorporation* | *Principal activity* | *Beneficial Ownership* | |
|---|---|---|---|---|
| | | | *2015* | *2014* |
| The Dubai Mall LLC | UAE | Self owned property leasing, buying and selling of real estate and management services | **99%** | 99% |
| Emaar Dubai Malls LLC | UAE | Self owned property leasing, buying and selling of real estate and management services | **99%** | 99% |
| Emaar International Malls LLC | UAE | Self owned property leasing, buying and selling of real estate and management services | **99%** | 99% |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Basis of consolidation (continued)**
*Special purpose entities*
Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial information of special purpose entities is included in the Group's consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's reviewed financial statements for the period and year ended 31 December 2014, except for the adoption of new standards and interpretations issued by the International Accounting Standard Board ("IASB") and effective for annual periods beginning on or after 1 January 2015, which do not impact the interim condensed consolidated financial statements of the Group.

**New standards, interpretations and amendments adopted by the Group**
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. Other than IFRS 15 as mentioned below, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment is described below:

**Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since the Group has no defined benefit plans with contributions from employees or third parties.

**Annual Improvements 2010-2012 Cycle**
These improvements are effective from 1 July 2014 and include:

**IFRS 2 *Share-based Payment***
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

**IFRS 3 *Business Combinations***
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Annual Improvements 2010-2012 Cycle (continued)**
**IFRS 8 *Operating Segments***
The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of decision making.

**IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets***
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

**IAS 24 *Related Party Disclosures***
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

**Annual Improvements 2011-2013 Cycle**
These improvements are effective from 1 July 2014 and include:

**IFRS 3 *Business Combinations***
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. As the Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

**IFRS 13 *Fair Value Measurement***
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

**IFRS 15 *Revenue from contracts with customers***
The Group has early adopted IFRS 15 during the period ended 30 September 2015. IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Retrospective application was required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The management has performed an assessment of the revenue recognition policies of the Group in line with the requirements of IFRS 15 and concluded that there is no impact of the Group revenue recognition policies.

**IAS 40 *Investment Property***
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective except for IFRS 15.

## 3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the net profit or loss in the interim condensed consolidated financial statements.

**Business segments**
For management purposes, the Group is organised into five segments, namely:

*Super Regional Malls:*
Super regional malls include shopping centres which individually hold gross leasable area of more than 800 thousands sq. ft.

*Regional Malls:*
Regional malls include shopping centres individually holds gross leasable area of more than 400 thousands sq. ft. but less than 800 thousands sq. ft.

*Community Integrated Retail:*
Community Retail includes shopping centres or retail outlets individually hold gross leasable area of less than 400 thousands sq. ft.

*Specialty Retail:*
Specialty retail includes shopping centres mainly offering specialty stores for fine and casual dining, commercial offices or retail outlets of manufacturers.

*Others:*
Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments* and head office balances.

The following tables include revenue, results and other segment information from 1 October 2014 to 30 September 2015, for the three and nine months period ended 30 September 2015 and 30 September 2014. Assets and liabilities information regarding business segments are presented as at 30 September 2015 and 31 December 2014.

| | *Super Regional Malls AED'000* | *Regional Malls AED'000* | *Community Integrated Retail AED'000* | *Specialty Retail AED'000* | *Others AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|
| ***1 October 2014 to 30 September 2015:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | **2,446,989** | **158,664** | **212,313** | **150,868** | **-** | **2,968,834** |
| **Results** | | | | | | |
| Profit for the period | **1,685,400** | **77,673** | **128,664** | **83,981** | **(342,058)** | **1,633,660** |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | **296,510** | **11,649** | **114,734** | **13,055** | **1,941** | **437,889** |
| Depreciation (Property, plant and equipment and investment properties) | **253,749** | **31,246** | **26,246** | **24,318** | **922** | **336,481** |
| Finance costs | **-** | **-** | **-** | **-** | **262,159** | **262,159** |

## 3 SEGMENT INFORMATION (continued)

**Business segments (continued)**

| | *Super Regional Malls AED'000* | *Regional Malls AED'000* | *Community Integrated Retail AED'000* | *Specialty Retail AED'000* | *Others AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|
| ***1 January 2015 to 30 September 2015:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | 1,771,997 | 120,943 | 163,674 | 114,887 | - | 2,171,501 |
| **Results** | | | | | | |
| Profit for the period | 1,240,750 | 60,660 | 102,095 | 67,644 | (249,724) | 1,221,425 |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | 227,508 | 8,898 | 90,251 | 5,056 | 1,941 | 333,654 |
| Depreciation (Property, plant and equipment and investment properties) | 190,929 | 23,615 | 20,349 | 17,918 | 747 | 253,558 |
| Finance costs | - | - | - | - | 200,204 | 200,204 |
| ***1 July 2015 to 30 September 2015:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | 587,332 | 39,824 | 53,991 | 38,514 | - | 719,661 |
| **Results** | | | | | | |
| Profit for the period | 401,948 | 19,534 | 35,312 | 23,124 | (103,558) | 376,360 |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | 91,801 | 1,425 | 37,102 | 1,242 | 1,254 | 132,824 |
| Depreciation (Property, plant and equipment and investment properties) | 64,929 | 8,034 | 7,690 | 6,000 | 416 | 87,069 |
| Finance costs | - | - | - | - | 68,129 | 68,129 |
| **Assets and liabilities as at 30 September 2015:** | | | | | | |
| Segment assets | 18,216,846 | 1,262,627 | 731,682 | 1,277,278 | 2,397,784 | 23,886,217 |
| Segment liabilities | 1,131,795 | 94,036 | 154,306 | 91,364 | 7,442,230 | 8,913,731 |

## 3 SEGMENT INFORMATION (continued)

**Business segments (continued)**

| | *Super Regional Malls AED'000* | *Regional Malls AED'000* | *Community Integrated Retail AED'000* | *Specialty Retail AED'000* | *Others AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|
| ***1 January 2014 to 30 September 2014:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | 1,549,587 | 112,142 | 136,134 | 98,824 | - | 1,896,687 |
| **Results** | | | | | | |
| Profit for the period | 997,739 | 55,352 | 93,191 | 51,380 | (259,303) | 938,359 |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | 12,356,132 | 356,609 | 63,346 | 598,746 | 4,970 | 13,379,803 |
| Depreciation (Property, plant and equipment and investment properties) | 185,824 | 23,233 | 16,663 | 19,581 | 656 | 245,957 |
| Finance costs | 46,443 | - | - | - | 244,303 | 290,746 |
| ***1 July 2014 to 30 September 2014:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | 523,770 | 41,603 | 47,352 | 33,656 | - | 646,381 |
| **Results** | | | | | | |
| Profit for the period | 334,074 | 21,923 | 33,170 | 16,153 | (84,137) | 321,183 |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | 141,097 | 2,157 | 24,290 | 1,241 | 897 | 169,682 |
| Depreciation (Property, plant and equipment and investment properties) | 62,701 | 7,569 | 5,548 | 6,140 | 199 | 82,157 |
| Finance costs | - | - | - | - | 73,042 | 73,042 |
| **Assets and liabilities as at 31 December 2014:** | | | | | | |
| Segment assets | 18,193,803 | 1,293,838 | 681,937 | 1,248,536 | 1,139,710 | 22,557,824 |
| Segment liabilities | 1,094,249 | 86,584 | 146,862 | 86,278 | 7,343,174 | 8,757,147 |

## 4 RENTAL INCOME

| | *1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* | *1 July 2015 to 30 September 2015 AED'000* | *1 July 2014 to 30 September 2014 AED'000* |
|---|---|---|---|---|---|
| Base rent | **1,916,419** | **1,464,824** | 1,239,009 | **497,465** | 426,897 |
| Turnover rent | **310,681** | **144,341** | 162,620 | **25,464** | 49,066 |
| Services charges | **305,510** | **240,643** | 189,389 | **89,083** | 65,925 |
| Promotion and marketing contribution | **40,851** | **32,142** | 28,264 | **11,119** | 10,128 |
| Others | **395,373** | **289,551** | 277,405 | **96,530** | 94,365 |
| | **2,968,834** | **2,171,501** | 1,896,687 | **719,661** | 646,381 |

## 5 OPERATING EXPENSES

| | *1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* | *1 July 2015 to 30 September 2015 AED'000* | *1 July 2014 to 30 September 2014 AED'000* |
|---|---|---|---|---|---|
| Housekeeping and facility management | **202,180** | **137,288** | 116,516 | **43,197** | 53,350 |
| Direct staff costs | **100,563** | **74,975** | 72,221 | **22,040** | 25,822 |
| Utilities | **89,956** | **66,105** | 72,996 | **34,557** | 40,751 |
| Security | **30,342** | **20,891** | 19,004 | **7,698** | 7,791 |
| Others | **52,867** | **41,840** | 26,948 | **15,445** | 342 |
| | **475,908** | **341,099** | 307,685 | **122,937** | 128,056 |

## 6 WRITE-OFF

During the nine month period ended 30 September 2015, the Group has partly or completely demolished certain Community Integrated Retail assets due to a planned redevelopment. Accordingly, the net book value of these assets are written-off from investment properties and property, plant and equipment.

## 7 FINANCE COSTS

| | *1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* | *1 July 2015 to 30 September 2015 AED'000* | *1 July 2014 to 30 September 2014 AED'000* |
|---|---|---|---|---|---|
| Interest on amounts due to the parent company | - | - | 64,140 | - | 13,620 |
| Interest on loans and borrowings | **253,672** | **193,863** | 119,495 | **65,285** | 57,686 |
| Unamortised loan arrangement fee written-off | - | - | 50,732 | - | - |
| Loss on early settlement of hedge contracts | - | - | 49,782 | - | - |
| Others | **8,487** | **6,341** | 6,597 | **2,844** | 1,736 |
| | **262,159** | **200,204** | 290,746 | **68,129** | 73,042 |

## 8 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

| | *1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* | *1 July 2015 to 30 September 2015 AED'000* | *1 July 2014 to 30 September 2014 AED'000* |
|---|---|---|---|---|---|
| Indirect staff costs | 39,597 | 27,040 | 29,441 | 9,582 | 10,608 |
| Liabilities no longer payable (note a) | - | - | 45,025 | - | - |

(a) This related to accruals for historic third party service contracts where settlements have been reached with the suppliers and the balance accruals are no longer payable.

## 9 EARNINGS PER SHARE

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

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

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

| | *1 October 2014 to 30 September 2015 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* | *1 July 2015 to 30 September 2015 AED'000* | *1 July 2014 to 30 September 2014 AED'000* |
|---|---|---|---|---|---|
| **Earnings:** | | | | | |
| Profit attributable to the shareholders for basis or diluted earnings per share | 1,633,760 | 1,221,525 | 938,359 | 376,460 | 321,183 |
| ***No of shares:*** | | | | | |
| Weighted average number of ordinary shares for basic and diluted earnings per share | 13,014,300,000 | 13,014,300,000 | 2,892,066,900 | 13,014,300,000 | 8,676,200,100 |
| **Earnings per share (AED):** | | | | | |
| - basic and diluted | 0.13 | 0.09 | 0.32 | 0.03 | 0.04 |

## 10 PROPERTY, PLANT AND EQUIPMENT

**Additions**

During the period from 1 October 2014 to 30 September 2015, the Group purchased property, plant and equipment of AED 48,383 thousands and charged depreciation expense to interim condensed consolidated income statement of AED 72,430 thousands.

During the period from 1 January 2015 to 30 September 2015, the Group purchased property, plant and equipment of AED 30,699 thousands (period ended 30 September 2014: AED 76,846 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 53,075 thousands (period ended 30 September 2014: AED 55,531 thousands).

## 11 INVESTMENT PROPERTIES

**Additions**
During the period from 1 October 2014 to 30 September 2015, the Group had additions of AED 389,506 thousands and charged depreciation expense to interim condensed consolidated income statement of AED 264,051 thousands.

During the period from 1 January 2015 to 30 September 2015, the Group had additions of AED 302,955 thousands (period ended 30 September 2014: AED 13,302,957 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 200,483 thousands (period ended 30 September 2014: AED 190,426 thousands). Out of the total additions, investment properties amounting to AED 85,888 thousands are purchased from Parent Company.

During the period ended 30 September 2014, the Parent Company transferred legal title and beneficial ownership over plots of land related to certain investment properties held by the Group, valued at AED 13,014,000 thousands. The amount was determined based on the valuation as of 31 December 2013 carried out by third party valuer for plots within the same development. In consideration, the Company proposed to issue shares at par value to the Parent Company. Legal titles of certain other investment properties held were also transferred by the Parent Company to the Group.

## 12 TRADE RECEIVABLES

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Trade receivables – net | **125,307** | 106,708 |

Trade receivables include amounts due from related parties amounting to AED 3,469 thousands (31 December 2014: AED 1,102 thousands) [note 13 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 56,767 thousands (31 December 2014: AED 56,730 thousands) representing management's best estimate of doubtful trade receivables which are past due and impaired.

Movement in the allowance for doubtful debts is as follows:

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Balance at 1 January | **56,730** | 58,301 |
| Net charge/ (reversal) for the period/ year | **1,730** | (1,044) |
| Written off during the period/ year | **(1,693)** | (527) |
| Balance at period/ year-end | **56,767** | 56,730 |

## 13 RELATED PARTY DISCLOSURES

(a) During the period, the following were the significant related party transactions, which were carried out in the normal course of business (equivalent to terms which prevail in arm's length transactions) on terms agreed between the parties:

| | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* |
|---|---|---|
| *Rental income* | | |
| Parent Company | **10,088** | 8,423 |
| Affiliated entities | **47,648** | 60,078 |
| Entities owned or controlled by Directors and other related parties | **87,807** | 62,407 |
| | **145,543** | 130,908 |
| *Operating expenses* | | |
| Parent Company | **32,368** | 61,449 |
| Affiliated entities | **88,571** | 65,016 |
| Entities owned or controlled by Directors and other related parties | **2,131** | 3,090 |
| *Selling and marketing expenses* | | |
| Parent Company | **1,593** | - |
| Affiliated entities | **593** | - |
| Entities owned or controlled by Directors and other related parties | **1,357** | - |
| *General and administrative expenses* | | |
| Parent Company | **60,411** | 73,874 |
| Affiliated entities | **1,164** | 1,311 |
| Entities owned or controlled by Directors and other related parties | **408** | 679 |
| *Finance costs* | | |
| Parent Company | **-** | 64,140 |
| Entities owned or controlled by Directors and other related parties | **5,958** | 5,801 |

## 13 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

| *30 September 2015* | *Bank balances and cash AED '000* | *Due from related parties AED '000* | *Trade receivables AED '000* | *Interest bearing loans and borrowings AED '000* | *Due to related parties AED '000* | *Deferred income AED '000* | *Trade payables AED '000* |
|---|---|---|---|---|---|---|---|
| *Non-current* | | | | | | | |
| Entities owned or controlled by Directors and other related parties | - | - | - | 214,258 | - | - | - |
| | - | - | - | 214,258 | - | - | - |
| *Current* | | | | | | | |
| Parent Company | - | - | - | - | 13,038 | 1,185 | - |
| Affiliated entities | - | 166,565 | - | - | 12,864 | 24,775 | - |
| Entities owned or controlled by Directors and other related parties | 438,953 | - | 3,469 | - | - | 44,555 | 639 |
| | 438,953 | 166,565 | 3,469 | - | 25,902 | 70,515 | 639 |

Outstanding balances are secured and interest-bearing. For the periods ended 30 September 2015 and year ended 31 December 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

## 13 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim condensed consolidated statement of financial position are as follows: (continued)

| *31 December 2014* | *Bank balances and cash AED '000* | *Due from related parties AED '000* | *Trade receivables AED '000* | *Interest bearing loans and borrowings AED '000* | *Due to related parties AED '000* | *Deferred income AED '000* | *Trade payables AED '000* |
|---|---|---|---|---|---|---|---|
| *Non-current* | | | | | | | |
| Entities owned or controlled by Directors and other related parties | - | - | - | 214,258 | - | - | - |
| | - | - | - | 214,258 | - | - | - |
| *Current* | | | | | | | |
| Parent Company | - | - | - | - | 98,069 | 364 | - |
| Affiliated entities | - | 215,000 | 201 | - | 303 | 22,912 | 3,183 |
| Entities owned or controlled by Directors and other related parties | 27,196 | - | 901 | - | - | 35,260 | 3,149 |
| | 27,196 | 215,000 | 1,102 | - | 98,372 | 58,536 | 6,332 |

## 13 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

| | *1 January 2015 to 30 September 2015 AED'000* | *1 January 2014 to 30 September 2014 AED'000* |
|---|---|---|
| Short term benefits | **23,269** | 17,690 |
| End of service benefits | **1,368** | 1,489 |

During the period, the number of key management personnel was 25 (30 September 2014: 25).

## 14 BANK BALANCES AND CASH

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Cash in hand | **209** | 194 |
| Bank balances: | | |
| Current and call accounts | **27,835** | 48,068 |
| Cash and cash equivalents | **28,044** | 48,262 |
| Deposits under lien (note 17) | **24,098** | 23,550 |
| Deposits maturing after three months | **2,584,470** | 1,292,146 |
| Balance at period/ year-end | **2,636,612** | 1,363,958 |

Included in the bank balances and cash is an amount of AED 438,953 thousands (31 December 2014: AED 27,196 thousands) as balance held with related party [note 13(b)].

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Fixed deposits maturing after three months earn interest at rates between 1.12% and 2.05% per annum (31 December 2014: 0.9% and 1.3% per annum).

## 15 SHARE CAPITAL

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Authorised capital – 13,014,300,000 shares of AED 1 each (2014: 13,014,300,000 shares of AED 1 each) | **13,014,300** | 13,014,300 |
| Issued and fully paid – 13,014,300,000 shares of AED 1 each (2014: 13,014,300,000 shares of AED 1 each) | **13,014,300** | 13,014,300 |

## 16 RESERVES

Movement in reserves is as follows:

| | *Statutory reserve AED'000* | *Hedging reserve AED'000* | *Total AED'000* |
|---|---|---|---|
| ***1 October 2014 to 30 September 2015:*** | | | |
| As at 1 October 2014 | 150 | (1,143) | (993) |
| Other comprehensive loss for the period | - | (51,432) | (51,432) |
| Total comprehensive loss for the period | - | (51,432) | (51,432) |
| Transferred to statutory reserve (note a) | 135,059 | - | 135,059 |
| **As at 30 September 2015** | **135,209** | **(52,575)** | **82,634** |

| | *Statutory reserve AED'000* | *Hedging reserve AED'000* | *Total AED'000* |
|---|---|---|---|
| ***1 January 2015 to 30 September 2015:*** | | | |
| As at 1 January 2015 | 135,209 | (2,959) | 132,250 |
| Other comprehensive loss for the period | - | (49,616) | (49,616) |
| Total comprehensive loss for the period | - | (49,616) | (49,616) |
| **As at 30 September 2015** | **135,209** | **(52,575)** | **82,634** |

| | *Statutory reserve AED'000* | *Hedging reserve AED'000* | *Total AED'000* |
|---|---|---|---|
| *1 January 2014 to 30 September 2014:* | | | |
| As at 1 January 2014 | 150 | (34,862) | (34,712) |
| Other comprehensive loss for the period | - | 33,719 | 33,719 |
| Total comprehensive loss for the period | - | 33,719 | 33,719 |
| As at 30 September 2014 | 150 | (1,143) | (993) |

(a) As required by the UAE Federal Commercial Companies Law No. 8 of 1984 (as amended) and the Group's memorandum of association, 10% of the net profit for the year shall be transferred to statutory reserve until it reaches 50% of the issued share capital. Accordingly, 10% of the net profit for the year ended 31 December 2014 has been transferred to statutory reserves. This reserve is not available for distribution except in the circumstances stipulated by the law.

## 17 INTEREST BEARING LOANS AND BORROWINGS

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Interest bearing loans and borrowings (note a) | **4,591,250** | 4,591,250 |
| Less: unamortised portion of loan arrangement fee | **(41,896)** | (47,364) |
| Net interest bearing loans and borrowings | **4,549,354** | 4,543,886 |

Net interest bearing loans and borrowings are repayable as follows:

| | | |
|---|---|---|
| Within one year (shown under current liabilities) | **-** | - |
| After one year (shown under non-current liabilities) | **4,549,354** | 4,543,886 |
| | **4,549,354** | 4,543,886 |

| (a) Movement for the period: | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Balance as at 1 January | **4,591,250** | 3,510,000 |
| Less: Repaid during the period/ year | **-** | (3,510,000) |
| Add: Borrowed during the period/ year | **-** | 4,591,250 |
| Balance at period/ year-end | **4,591,250** | 4,591,250 |

During the year ended 31 December 2014, the Group has fully repaid the finance facility of AED 3,600,000 thousands which was availed in 2011. The previous facility is replaced with new Syndicated Murhabha Islamic finance facility for USD 1.25 billion (AED 4,591,250 thousands) availed from the commercial banks of UAE. The new facility is unsecured and carries interest rate at 3 months LIBOR + 1.75% pa and this facility will be repaid in a single instalment in 2021. The bank has a lien on certain cash collateral amounting to AED 24,098 thousands (31 December 2014: AED 23,550 thousands) against interest payable (note 14).

As at 30 September 2015, part of interest bearing loans and borrowings amounting to USD 58,333 thousands (AED 214,258 thousands) (31 December 2014: AED 214,258 thousands) is borrowed from a related party [note13 (b)].

## 18 SUKUK

EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands) on 18 June 2014. The Sukuk is listed on NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.564% per annum to be paid semi-annually. The carrying value of the Sukuk is as follows:

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Proceeds from the issuance of the Sukuk | **2,754,750** | 2,754,750 |
| Less: Sukuk issuance cost | **(21,587)** | (21,667) |
| Sukuk liability on initial recognition | **2,733,163** | 2,733,083 |
| Profit accrued up to period/ year-end | **2,250** | 925 |
| Sukuk liability as at period/ year-end | **2,735,413** | 2,734,008 |

## 19 ACCOUNTS PAYABLE AND ACCRUALS

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Trade payables | **35,833** | 69,353 |
| Accrued expenses | **267,181** | 279,421 |
| Interest payable | **38,270** | 7,318 |
| Other payables | **57,484** | 6,656 |
| | **398,768** | 362,748 |

Included in the trade payables is an amount of AED 639 thousands (31 December 2014: AED 6,332 thousands) due to related parties [note 13(b)].

## 20 COMMITMENTS AND CONTINGENCIES

**Commitments**
At 30 September 2015, the Group had commitments of AED 1,485,040 thousands (31 December 2014: AED 1,569,196 thousands) which includes project commitments of AED 1,311,002 thousands (31 December 2014: 1,365,521 thousands). This represents the value of contracts issued as at 30 September net of invoices received and accruals made as at that date.

**Operating lease commitments - Group as lessor**
The Group leases out its property under operating leases as a lessor. The future minimum lease payments receivable (base rent) under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Within one year | **1,882,250** | 1,668,971 |
| After one year but not more than five years | **2,999,763** | 3,074,560 |
| More than five years | **182,786** | 194,073 |
| | **5,064,799** | 4,937,604 |

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 September 2015 was AED 240,643 thousands (period ended 30 September 2014: AED 189,389 thousands).

**Operating lease commitments - Group as lessee**
The Group has entered into agreement with related party to lease its office space. Future minimum rental payable under non-cancellable operating lease is as follows:

| | *30 September 2015 AED'000* | *31 December 2014 AED'000* |
|---|---|---|
| Within one year | **1,761** | 724 |
| After one year but not more than five years | **2,359** | 1,084 |
| More than five years | **-** | - |
| | **4,120** | 1,808 |

**Legal claims**
As at 30 September 2015, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 16,312 thousands (31 December 2014: AED 17,228 thousands). Based on the advice of legal advisors, outcome of these claims will have no adverse impact on the interim condensed consolidated financial statements of the Group.

## 21 HEDGING ACTIVITIES

**Cash flow hedges**
The Group held certain interest rate swap contract designated as a hedge of expected future payments under the borrowing contracts entered by the Group for which it has firm commitments. The interest rate swap contract is being used to hedge the interest rate risk of the firm commitments. The nominal amount of these contracts is USD 725,000 thousands (AED 2,662,925 thousands) (31 December 2014: AED 2,662,925 thousands).

| | *30 September 2015* | | *31 December 2014* | |
|---|---|---|---|---|
| | ***Assets AED'000*** | ***Liabilities AED'000*** | *Assets AED'000* | *Liabilities AED'000* |
| *Interest rate swap contracts* | | | | |
| Fair value | - | **52,575** | - | 2,959 |

The fair values of the interest rate swaps are estimated using quotes from external sources or from the counterparty to the instruments.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

***Fair value hierarchy***
The Group uses the following hierarchy for determining and disclosing the fair value of cash flow hedges by valuation technique:

| | ***Total AED'000*** | ***Level 1 AED'000*** | ***Level 2 AED'000*** | ***Level 3 AED'000*** |
|---|---|---|---|---|
| **30 September 2015** | | | | |
| Interest rate swap contracts | **52,575** | - | **52,575** | - |
| 31 December 2014 | | | | |
| Interest rate swap contracts | 2,959 | - | 2,959 | - |

**Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

***Valuation technique***
The present value of interest rate swaps is computed by determining the present value of the fixed leg and the floating leg interest flows. The value of the fixed leg is given by the present value of the fixed coupon payments. The value of the floating leg is given by the present value of the floating coupon payments determined at the agreed dates of each payment. The forward rate for each floating payment date is calculated using the forward curves.