

Emaar Malls Group PJSC
(Formerly known as Emaar Malls Group LLC)

**UNAUDITED INTERIM CONDENSED FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2014

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR MALLS GROUP PJSC (Formerly known as Emaar Malls Group LLC)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Emaar Malls Group PJSC (the “Company”) as at 30 September 2014 and the related interim condensed statements of income and other comprehensive income for the three and nine months periods then ended, the related statement of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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 financial statements based on our review.

Scope of Review

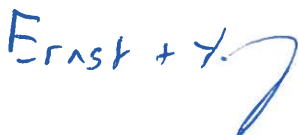
We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 Company has not consolidated its investments in subsidiaries as at 31 December 2013 or for the periods ended 30 September 2014 or 30 September 2013 and instead accounted for them at cost, which is not in compliance with International Financial Reporting Standards, which requires the Company to present consolidated financial statements. As a listed entity, the Company is no longer exempt from this requirement. Had the subsidiaries been consolidated, a number of elements in the accompanying interim condensed financial statements would have been affected. As disclosed in note 9, the Company’s investments in subsidiaries were transferred to Emaar Properties PJSC (the “Parent Company”) during the nine month period ended 30 September 2014. The financial statements were prepared without consolidating these subsidiaries as management considered that it was more useful to readers of the financial statements to see it reflected in a manner consistent with the future structure of the Company.

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 financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by Anthony O’Sullivan
Partner
Registration Number 687

26 October 2014

Dubai, United Arab Emirates

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

INTERIM CONDENSED STATEMENT OF INCOME

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Notes</i>	<i>Nine month period ended</i>		<i>Three month period ended</i>	
		<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
REVENUE					
Rental income		1,896,687	1,645,973	646,381	540,135
Other income		11,248	5,472	3,501	2,601
Total revenue		1,907,935	1,651,445	649,882	542,736
EXPENSES					
Operating expenses		(307,685)	(323,669)	(128,056)	(124,195)
Sales and marketing expenses		(25,040)	(34,413)	(8,452)	(17,833)
Depreciation of property, plant and equipment		(55,531)	(39,102)	(18,143)	(15,969)
Depreciation of investment properties		(190,426)	(179,850)	(64,014)	(60,768)
General and administrative expenses		(100,148)	(108,207)	(36,992)	(32,804)
Finance costs	4	(290,746)	(261,216)	(73,042)	(84,196)
Total expenses		(969,576)	(946,457)	(328,699)	(335,765)
PROFIT FOR THE PERIOD	5	938,359	704,988	321,183	206,971
Earnings per share (AED):					
- basic and diluted	6	0.32	2,349,958	0.04	689,902

The attached notes 1 to 20 form part of these interim condensed financial statements.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)
INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
 Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Profit for the period	938,359	704,988	321,183	206,971
<i>Other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods:</i>				
Other comprehensive income/ (loss):				
Net movement on cash flow hedges	33,719	9,674	6,240	(969)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	972,078	714,662	327,423	206,002

The attached notes 1 to 20 form part of these interim condensed financial statements.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

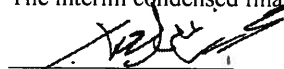
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION


As at 30 September 2014

(US \$1.00 = AED 3.673)

		30 September 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	321,923	303,207
Investment properties	8	20,441,936	7,329,802
Investments in subsidiaries	9	-	447
		<u>20,763,859</u>	<u>7,633,456</u>
Current assets			
Inventories		14,728	14,524
Trade receivables	10	87,694	194,312
Advances and prepayments		86,219	34,830
Due from related parties	18	217,594	171,854
Bank balances and cash	11	865,021	1,362,709
		<u>1,271,256</u>	<u>1,778,229</u>
TOTAL ASSETS		<u><u>22,035,115</u></u>	<u><u>9,411,685</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	13,014,300	300
Statutory reserve		150	150
Retained earnings		376,951	2,993,342
Hedging reserve		(1,143)	(34,862)
Total equity		<u>13,390,258</u>	<u>2,958,930</u>
Non-current liabilities			
Employees' end of service benefits		14,104	10,852
Interest bearing loans and borrowings	15	4,541,854	3,275,067
Sukuk	16	2,733,293	-
Due to related parties	18	-	1,825,792
Retention payable after 12 months		11,948	-
		<u>7,301,199</u>	<u>5,111,711</u>
Current liabilities			
Due to related parties	18	21,961	-
Interest bearing loans and borrowings	15	-	180,000
Accounts payable and accruals	14	404,758	335,605
Advances and security deposits		482,627	445,429
Retentions payable within 12 months		4,076	3,513
Deferred income		430,236	376,497
		<u>1,343,658</u>	<u>1,341,044</u>
Total liabilities		<u>8,644,857</u>	<u>6,452,755</u>
TOTAL EQUITY AND LIABILITIES		<u><u>22,035,115</u></u>	<u><u>9,411,685</u></u>

The interim condensed financial statements were authorised for issue on 26 October 2014 by:


Chairman


Director

The attached notes 1 to 20 form part of these interim condensed financial statements.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)
For the nine month period ended

	Notes	30 September 2014 AED'000	30 September 2013 AED'000
OPERATING ACTIVITIES			
Profit for the period		938,359	704,988
Adjustments for:			
Depreciation of property, plant and equipment		55,531	39,102
Depreciation of investment properties		190,426	179,850
(Reversal)/ provision for doubtful debts		(8,413)	2,308
Doubtful debts written off		42	-
Provision for employees' end of service benefits		3,418	3,103
Finance costs		290,746	261,216
Loss/ (gain) on disposal of property, plant and equipment		53	(40)
Liabilities no longer payable	5	(45,025)	-
Other income		(11,248)	(5,472)
		1,413,889	1,185,055
Working capital changes:			
Inventories		(204)	(3,451)
Trade receivables		114,989	175,243
Due from related parties		(45,740)	(21,758)
Advances and prepayments		(53,547)	(4,957)
Accounts payable and accruals		148,305	55,222
Advances and security deposits		37,198	33,292
Retentions payable		12,511	(1,018)
Deferred income		53,739	57,462
Net cash flows from operations		1,681,140	1,475,090
Employees' end of service benefits paid		(471)	(356)
Net cash flows from operating activities		1,680,669	1,474,734
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(76,846)	(126,418)
Amounts incurred on investment properties		(288,957)	(65,853)
Interest received		12,998	4,526
Proceeds from disposal of property, plant and equipment		91	1,971
Deposits under lien or maturing after three months		435,384	(717,190)
Net cash flows from/ (used in) investing activities		82,670	(902,964)
FINANCING ACTIVITIES			
Movement in due to related parties, net		(1,898,860)	(717,195)
Proceeds from interest bearing loans and borrowings	15	4,591,250	-
Repayment of interest bearing loans and borrowings	15	(3,510,000)	(67,500)
Proceeds from issuance of Sukuk	16	2,754,750	-
Dividend paid	13	(3,554,750)	-
Finance cost paid		(208,033)	(141,780)
Net cash flows used in financing activities		(1,825,643)	(926,475)
DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January	11	156,635	398,829
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER			
	11	94,331	44,124
SUPPLEMENTAL NON-CASH INFORMATION			
Transfer of land against issuance of share capital	8	13,014,000	-

The attached notes 1 to 20 form part of these interim condensed financial statements.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

	Share capital AED '000	Statutory reserve AED '000	Retained earnings AED '000	Hedging reserve AED '000	Total AED '000
At 1 January 2014	300	150	2,993,342	(34,862)	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	-	-	938,359	33,719	972,078
Dividend paid (note 13)	-	-	(3,554,750)	-	(3,554,750)
Issuance of share capital (note 12)	13,014,000	-	-	-	13,014,000
Balance at 30 September 2014	13,014,300	150	376,951	(1,143)	13,390,258
At 1 January 2013	300	150	1,893,903	(45,096)	1,849,257
Profit for the period	-	-	704,988	-	704,988
Other comprehensive income for the period	-	-	-	9,674	9,674
Total comprehensive income for the period	-	-	704,988	9,674	714,662
Balance at 30 September 2013	300	150	2,598,891	(35,422)	2,563,919

The attached notes 1 to 20 form part of these interim condensed financial statements.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

1 CORPORATE INFORMATION

Emaar Malls Group Public Joint Stock Company (the "Company") was established as a public joint stock company by Ministerial Decree number 22 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. During the period, the Parent Company has converted the legal status of the Company from limited liability company to public joint stock company by selling 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 are being traded with effect from 2 October 2014.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company for the period ended 30 September 2014 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and applicable requirements of United Arab Emirates law. The operating subsidiaries of the Company have been transferred to the Parent Company with effect from 3 April 2014. As such prior to 3 April 2014, the Company had control over the operating subsidiaries and consequently is required by IFRS 10 'Consolidated Financial Statements', to present consolidated financial statements. As the Company is now a listed entity, IFRS requires consolidated financial statements to be prepared. However, given that the only material operating subsidiaries were transferred by the Company in April 2014, these unconsolidated financial statements are deemed to be reflective of future operations and therefore of more value to users.

The interim condensed 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 thousands except where otherwise indicated.

The interim condensed 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 Company's annual financial statements as at 31 December 2013 and interim financial statements as at 30 June 2014.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2013, 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 2014.

New standards, interpretations and amendments adopted by the Company:

The nature and the effect of changes with respect to adoption of new standards, interpretations and amendments apply for the first time in 2014 are disclosed below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through interim income statement. These amendments have no impact on the Company.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Company (continued)

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Company.

IFRIC Interpretation 21 *Levies* (IFRIC 21) - clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Financial liabilities and equity instruments issued by the Company

Sukuk

The sukuk is stated at amortised cost using the effective interest rate method. Profit attributable to the sukuk holders is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

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 financial statements.

Business segments

For management purposes, the Company 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 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.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables include revenue, results and other segment information for the nine and three month periods ended 30 September 2014 and 30 September 2013. Assets and liabilities information regarding business segments are presented as at 30 September 2014 and 31 December 2013.

	<i>Super Regional Malls</i> AED'000	<i>Regional Malls</i> AED'000	<i>Community Retail</i> AED'000	<i>Specialty Retail</i> AED'000	<i>Others</i> AED'000	<i>Total</i> AED'000
Nine month period ended 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
Three month period ended 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 30 September 2014:						
Segment assets	18,172,376	1,264,411	608,906	1,240,453	748,969	22,035,115
Segment liabilities	1,005,454	77,810	134,809	74,637	7,352,147	8,644,857

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	<i>Super Regional Malls AED'000</i>	<i>Regional Malls AED'000</i>	<i>Community Retail AED'000</i>	<i>Specialty Retail AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Nine month period ended 30 September 2013:						
Revenue						
Rental income	1,372,235	82,836	100,431	90,471	-	1,645,973
Results						
Profit for the period	761,070	32,162	58,869	45,551	(192,664)	704,988
Other segment information						
Capital expenditure (Property, plant and equipment and investment properties)	108,412	2,209	65,879	14,998	503	192,001
Depreciation (Property, plant and equipment and investment properties)	164,111	22,858	11,952	19,316	715	218,952
Finance costs	98,075	-	-	-	163,141	261,216
Three month period ended 30 September 2013:						
Revenue						
Rental income	441,309	27,726	40,123	30,977	-	540,135
Results						
Profit for the period	221,769	9,959	20,538	14,016	(59,311)	206,970
Other segment information						
Capital expenditure (Property, plant and equipment and investment properties)	37,278	1,936	11,989	5,981	-	57,184
Depreciation (Property, plant and equipment and investment properties)	55,767	8,668	4,256	7,798	248	76,737
Finance costs	32,374	-	-	-	51,822	84,196
Assets and liabilities as at 31 December 2013:						
Segment assets	6,037,228	935,256	419,015	463,890	1,556,296	9,411,685
Segment liabilities	4,305,505	72,907	116,724	66,401	1,891,218	6,452,755

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

4 FINANCE COSTS

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Interest on amounts due to the parent company	64,140	115,637	13,620	38,788
Interest on loans and borrowings	119,495	135,982	57,686	42,210
Unamortised loan arrangement fee written off	50,732	-	-	-
Loss on early settlement of hedging contract	49,782	-	-	-
Others	6,597	9,597	1,736	3,198
	<u>290,746</u>	<u>261,216</u>	<u>73,042</u>	<u>84,196</u>

5 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Liabilities no longer payable	<u>45,025</u>	<u>-</u>	<u>-</u>	<u>-</u>

6 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:

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Earnings:				
Profit for the period attributable to the shareholders	<u>938,359</u>	<u>704,988</u>	<u>321,183</u>	<u>206,971</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>2,892,066,900</u>	<u>300</u>	<u>8,676,200,100</u>	<u>300</u>
Earnings per share (AED):				
- basic and diluted	<u>0.32</u>	<u>2,349,958</u>	<u>0.04</u>	<u>689,902</u>

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

7 PROPERTY, PLANT AND EQUIPMENT

Additions

During the nine month period ended 30 September 2014, the Company purchased property, plant and equipment of AED 76,846 thousands (year ended 31 December 2013: AED 159,010 thousands).

8 INVESTMENT PROPERTIES

Additions

During the nine month period ended 30 September 2014, the Company had additions of AED 13,302,957 thousands (year ended 31 December 2013: AED 105,251 thousands) in investment properties.

During the period, legal titles of all the investment properties held by the Company have been transferred by the Parent Company to the Company. The Parent company also transferred legal titles for plots of land related to certain investment properties held by the Company for a consideration of AED 13,014,000 thousands against issue of shares in the Company (note 12). The consideration was determined based on the valuation as of 31 December 2013 carried out by a third party valuer for plots within the same development.

9 INVESTMENT IN SUBSIDIARIES

During the period, the Company's investments in subsidiaries, which were accounted for at cost, were transferred to the Parent Company at cost.

10 TRADE RECEIVABLES

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Trade receivables-net	<u>87,694</u>	<u>194,312</u>

Included in trade receivables is an amount of AED 1,461 thousands (31 December 2013: AED 9,504 thousands) due from related parties (note 18).

The above trade receivables are net of allowance for doubtful debts of AED 49,420 thousands (31 December 2013: AED 58,301 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:

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
At the beginning of the period/ year	58,301	89,478
Net reversals for the period/ year	(8,413)	(365)
Written off during the period/ year	(468)	(30,812)
At the end of the period/ year	<u>49,420</u>	<u>58,301</u>

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

11 BANK BALANCES AND CASH

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Cash in hand	190	213
Bank balances:		
Current and call accounts	94,141	26,422
Deposits maturing within three months	-	130,000
Cash and cash equivalents	<u>94,331</u>	<u>156,635</u>
Deposits under lien (note 15)	19,544	68,542
Deposits maturing after three months	751,146	1,137,532
Balance at the end of period/ year	<u><u>865,021</u></u>	<u><u>1,362,709</u></u>

Included in the bank balances and cash is an amount of AED 47,830 thousands (31 December 2013: AED 2 thousands) as balance held with related party (note 18).

Cash at banks earn interest at floating rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and nine months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. Fixed deposits maturing after three months earn interest at rates between 0.95% and 1.1% per annum (2013: 1.1% and 1.7%).

12 SHARE CAPITAL

Share capital consists of 13,014,300,000 authorised, issued and fully paid up shares of AED 1 each amounting to AED 13,014,300 thousands (31 December 2013: 300 shares of AED 1,000 each amounting to AED 300 thousands).

During the period, Company issued additional shares in the Company to the Parent Company against transfer of titles of certain plots of land for a consideration of AED 13,014,000 thousands (note 8). On 20 July 2014, the Company registered the increase in share capital with Government authorities amounting to AED 13,014,000 thousands consisting of 13,014,000 shares of AED 1,000 each through an addendum to its Memorandum of Association.

On 16 September 2014, the shareholders of the Company agreed to change the par value of the Company's shares from AED 1,000 each to AED 1 each through an amendment of the Memorandum of Association.

13 INTERIM DIVIDENDS

Cash dividend of AED 2,754,750 thousands and AED 800,000 thousands were approved by shareholders of the Company on 17 June 2014 and 24 August 2014 respectively. These dividends were approved out of the retained earnings as of 31 December 2013 amounting to AED 2,993,342 thousands and 30 June 2014 amounting to AED 855,768 thousands respectively. During the period, the Company has paid a total of AED 3,554,750 thousands as cash dividends to its shareholders.

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

14 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Trade payables	107,752	34,536
Accrued expenses	253,312	253,058
Interest payable	38,519	10,622
Other payables	5,175	37,389
	<u>404,758</u>	<u>335,605</u>

Included in the trade payables is an amount of AED 1,151 thousands (31 December 2013: AED 1,638 thousands) due to related parties (note18).

15 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Interest bearing loans and borrowings (a)	4,591,250	3,510,000
Less: unamortised portion of loan arrangement fee	(49,396)	(54,933)
Net interest bearing loans and borrowings	<u>4,541,854</u>	<u>3,455,067</u>
Net interest bearing loans and borrowings are repayable as follows:		
Within one year (shown under current liabilities)	-	180,000
After one year (shown under non-current liabilities)	4,541,854	3,275,067
	<u>4,541,854</u>	<u>3,455,067</u>

	<i>2014 (Unaudited) AED'000</i>
(a) Movement for the period:	
Balance as at 1 January	3,510,000
Less: Repaid during the period	(3,510,000)
Add: Borrowed during the period	4,591,250
Balance as at 30 September	<u>4,591,250</u>

During the period, the Company has fully repaid a finance facility of AED 3,600,000 thousands which was availed in 2011. The previous facility is replaced with a new Syndicated Murhabha Islamic finance facility of USD 1.5 billion (AED 5,509,500 thousands) availed from the commercial banks in the UAE. The Company has drawdown USD 1.25 billion (AED 4,591,250 thousands) as at 30 September 2014. The new facility is unsecured and carries interest at LIBOR + 1.75% p.a. and this facility will be repaid in a single instalment in 2021. The bank has a lien on certain cash collateral amounting to AED 19,544 thousands (31 December 2013: AED 68,542 thousands) against interest payable (note 11).

Part of interest bearing loans and borrowings amounting to USD 58,333 thousands (AED 214,258 thousands) (31 December 2013: AED Nil) have been borrowed from a related party (note18).

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

16 SUKUK

EMG Sukuk Limited (the “Issuer”), is a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Company, which 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:

	<i>30 September 2014 (Unaudited) AED'000</i>
Proceeds from the issuance of the Sukuk	2,754,750
Less: Sukuk issuance cost	(21,967)
	<hr/>
Sukuk liability on initial recognition	2,732,783
Profit accrued up to period end	510
	<hr/>
Sukuk liability as at period end	<u>2,733,293</u>

17 COMMITMENTS AND CONTINGENCIES

Commitments

As at 30 September 2014, the Company had commitments of AED 1,633,287 thousands (31 December 2013: AED 406,491 thousands) which includes project commitments of AED 1,400,103 thousands (31 December 2013: AED 180,214 thousands). This represents the value of contracts issued as at the reporting date net of invoices received and accruals made as at that date.

Operating lease commitments - Company as lessor

The Company 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:

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Within one year	1,455,156	1,348,088
After one year but not more than five years	2,627,499	2,088,846
More than five years	196,648	264,519
	<hr/>	<hr/>
	<u>4,279,303</u>	<u>3,701,453</u>

In addition to the base rent, the Company also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 September 2014 was AED 189,390 thousands (for the year ended 31 December 2013: AED 229,675 thousands).

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

17 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments - Company as lessee

The Company has entered into an agreement with Emaar Properties PJSC to lease its office space. Future minimum rental payable under non-cancellable operating lease is as follows:

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Within one year	724	-
After one year but not more than five years	1,990	-
More than five years	-	-
	<u>2,714</u>	<u>-</u>

Legal claims

As at 30 September 2014, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 12,952 thousands (31 December 2013: AED 16,008 thousands). The management is confident that the outcome of these claims will be in favor of the Company and will have no adverse impact on the financial statements of the Company.

18 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 on terms agreed between the parties:

	<i>Nine month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
<i>Rental income</i>		
Parent Company	8,423	3,660
Affiliated entities	60,078	52,277
Entities owned or controlled by Directors and other related parties	<u>62,407</u>	<u>55,396</u>
	<u>130,908</u>	<u>111,333</u>
<i>Operating expenses</i>		
Parent Company	61,449	60,782
Affiliated entities	65,016	-
Entities owned or controlled by Directors and other related parties	<u>3,090</u>	<u>-</u>
<i>General and administrative expenses</i>		
Parent Company	73,874	57,055
Affiliated entities	1,311	-
Entities owned or controlled by Directors and other related parties	<u>679</u>	<u>-</u>
<i>Finance costs</i>		
Parent Company	64,140	115,637
Entities owned or controlled by Directors and other related parties	<u>5,801</u>	<u>-</u>

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

18 RELATED PARTY DISCLOSURES (continued)

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

	<i>Bank balances and cash AED '000</i>	<i>Due from related parties AED '000</i>	<i>Interest bearing loans and borrowings AED '000</i>	<i>Due to related parties AED '000</i>	<i>Trade receivables AED '000</i>	<i>Deferred income AED '000</i>	<i>Trade payables AED '000</i>
30 September 2014							
<i>Non-current</i>							
Entities owned or controlled by Directors and other related parties	-	-	214,258	-	-	-	-
	-	-	214,258	-	-	-	-
<i>Current</i>							
Parent company - other	-	-	-	21,624	-	2,036	64
Affiliated entities	-	217,594	-	337	376	16,199	252
Entities owned or controlled by Directors and other related parties	47,830	-	-	-	1,085	23,123	835
	47,830	217,594	-	21,961	1,461	41,358	1,151

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

18 RELATED PARTY DISCLOSURES (continued)

	Bank balances and cash AED '000	Due from related parties AED '000	Interest bearing loans and borrowings AED '000	Due to related parties AED '000	Trade receivables AED '000	Deferred income AED '000	Trade payables AED '000
<i>31 December 2013</i>							
<i>Non-current</i>							
Parent company - loan	-	-	-	1,583,493	-	-	-
- interest	-	-	-	86,212	-	-	-
- other	-	-	-	155,785	-	-	-
Affiliated entities	-	-	-	302	-	-	-
	-	-	-	1,825,792	-	-	-
<i>Current</i>							
Parent company - other	-	-	-	-	655	-	-
Affiliated entities	-	171,854	-	-	1,027	20,032	1,051
Entities owned or controlled by Directors and other related parties	2	-	-	-	7,822	40,903	587
	2	171,854	-	-	9,504	60,935	1,638

Emaar Malls Group PJSC (Formerly known as Emaar Malls Group LLC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

18 RELATED PARTY DISCLOSURES (continued)

- c) In 2010, the Company reached an agreement with the Parent Company to convert an amount of AED 6,372,059 thousands, from the balance due, to a long term loan carrying interest at 8% p.a. During the period, the Company has fully repaid the loan from Parent Company. Movement in the loan balance during the period is as follows:

	<i>30 September 2014 (Unaudited) AED'000</i>	<i>31 December 2013 (Audited) AED'000</i>
Balance at 1 January	1,583,493	2,001,973
Repayments made during the period/ year	(1,583,493)	(418,480)
Balance at period/ year-end	<u>-</u>	<u>1,583,493</u>

- d) Compensation of key management personnel

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

	<i>Nine month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Short term benefits	17,690	13,602
End of service benefits	1,489	1,017

During the period, the number of key management personnel was 25 (30 September 2013: 20).

19 HEDGING ACTIVITIES

Cash flow hedges

The Company held certain interest rate swap contracts designated as a hedge of expected future payments under the borrowing contracts entered by the Company 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 350,000 thousands (AED 1,285,550 thousands) (31 December 2013: AED 2,520,000 thousands).

	<i>30 September 2014</i>		<i>31 December 2013</i>	
	<i>Assets AED'000</i>	<i>Liabilities AED'000</i>	<i>Assets AED'000</i>	<i>Liabilities AED'000</i>
<i>Interest rate swap contracts</i>				
Fair value	<u>-</u>	<u>1,143</u>	<u>-</u>	<u>34,862</u>

Fair value hierarchy

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

	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
30 September 2014				
Interest rate swap contracts	<u>1,143</u>	<u>-</u>	<u>1,143</u>	<u>-</u>
31 December 2013				
Interest rate swap contracts	<u>34,862</u>	<u>-</u>	<u>34,862</u>	<u>-</u>

19 HEDGING ACTIVITIES (continued)

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 the present value of the fixed coupon payments. The value of the floating leg is derived from 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.

20 EVENTS AFTER REPORTING DATE

Subsequent to period end, the Company has entered into interest rate swap contracts. The nominal amount of these contracts is USD 375,000 thousands (AED 1,377,375 thousands). These contracts are entered in addition to contracts disclosed in Note 19.