

**Emaar Malls PJSC and its  
subsidiaries**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2017**



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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR MALLS PJSC AND ITS SUBSIDIARIES**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emaar Malls PJSC (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2017 and the related interim condensed consolidated statements of income, other comprehensive income for the three and six months period then ended, cash flows and changes in equity for the six-month period 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.

### **Conclusion**

Based on our review, 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.

For Ernst & Young

Signed by:  
Anthony O’Sullivan  
Partner  
Registration Number 687

6 August 2017

Dubai, United Arab Emirates

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2017 (unaudited)

**(US \$1.00 = AED 3.673)**

	<i>Notes</i>	<b><i>1 January 2017 to 30 June 2017 AED'000</i></b>	<b><i>1 January 2016 to 30 June 2016 AED'000</i></b>	<b><i>1 April 2017 to 30 June 2017 AED'000</i></b>	<b><i>1 April 2016 to 30 June 2016 AED'000</i></b>
<b>REVENUE</b>					
Rental income	4	<b>1,623,619</b>	1,618,385	<b>787,307</b>	785,193
<b>Total revenue</b>		<b>1,623,619</b>	1,618,385	<b>787,307</b>	785,193
<b>EXPENSES</b>					
Operating expenses	5	<b>(204,881)</b>	(220,269)	<b>(100,588)</b>	(112,562)
Sales and marketing expenses		<b>(27,111)</b>	(24,951)	<b>(13,825)</b>	(12,644)
Depreciation of property, plant and equipment	10	<b>(18,368)</b>	(24,907)	<b>(8,954)</b>	(13,407)
Depreciation of investment properties	11	<b>(167,666)</b>	(158,132)	<b>(84,407)</b>	(80,093)
General and administrative expenses		<b>(87,545)</b>	(103,341)	<b>(46,419)</b>	(59,905)
Write-off	6	-	(3,873)	-	-
<b>Total expenses</b>		<b>(505,571)</b>	(535,473)	<b>(254,193)</b>	(278,611)
<b>OPERATING PROFIT FOR THE PERIOD</b>		<b>1,118,048</b>	1,082,912	<b>533,114</b>	506,582
Finance income		<b>43,528</b>	40,271	<b>19,673</b>	19,668
Finance costs	7	<b>(140,828)</b>	(136,548)	<b>(71,172)</b>	(68,343)
<b>PROFIT FOR THE PERIOD</b>	8	<b>1,020,748</b>	986,635	<b>481,615</b>	457,907
<b>ATTRIBUTABLE TO:</b>					
Equity holders of the Company		<b>1,020,748</b>	986,635	<b>481,615</b>	457,907
Earnings per share					
- Basic and diluted (AED per share)	9	<b>0.08</b>	0.08	<b>0.04</b>	0.04

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2017 (unaudited)

*(US \$1.00 = AED 3.673)*

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>	<i>1 April 2017 to 30 June 2017 AED'000</i>	<i>1 April 2016 to 30 June 2016 AED'000</i>
<b>Profit for the period</b>	<b>1,020,748</b>	<b>986,635</b>	<b>481,615</b>	<b>457,907</b>
<i>Other comprehensive income to be reclassified to the consolidated income statement in subsequent period:</i>				
Other comprehensive income:				
Net movement on cash flow hedges	<b>3,001</b>	<b>(51,528)</b>	<b>(4,101)</b>	<b>(9,763)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,023,749</b>	<b>935,107</b>	<b>477,514</b>	<b>448,144</b>
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the Company	<b>1,023,749</b>	<b>935,107</b>	<b>477,514</b>	<b>448,144</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION

As at 30 June 2017

		(US \$1.00 = AED 3.673)	
		30 June 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	188,526	203,555
Investment properties	11	21,450,457	21,218,905
		<u>21,638,983</u>	<u>21,422,460</u>
<b>Current assets</b>			
Inventories		10,900	12,467
Trade and unbilled receivables	12	175,642	187,172
Advances, prepayments and other receivables		211,420	179,376
Due from related parties	13	50,333	55,828
Bank balances and cash	14	3,111,694	3,550,594
		<u>3,559,989</u>	<u>3,985,437</u>
<b>TOTAL ASSETS</b>		<u><b>25,198,972</b></u>	<u><b>25,407,897</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	13,014,300	13,014,300
Reserves	17	877,359	874,358
Retained earnings		1,844,193	2,130,425
<b>TOTAL EQUITY</b>		<u><b>15,735,852</b></u>	<u><b>16,019,083</b></u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		14,983	14,850
Interest bearing loans and borrowings	18	4,562,080	4,558,428
Sukuk	19	2,738,695	2,737,734
Retentions payable after 12 months		61,932	46,519
		<u>7,377,690</u>	<u>7,357,531</u>
<b>Current liabilities</b>			
Due to related parties	13	145,572	86,883
Accounts payable and accruals	20	657,392	654,883
Advances and security deposits		963,705	911,593
Retentions payable within 12 months		9,847	9,575
Deferred income		308,914	368,349
		<u>2,085,430</u>	<u>2,031,283</u>
<b>TOTAL LIABILITIES</b>		<u><b>9,463,120</b></u>	<u><b>9,388,814</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>25,198,972</b></u>	<u><b>25,407,897</b></u>

These interim condensed consolidated financial statements were authorised for issue on 06 August 2017 by the Board of Directors and signed on their behalf by:

  
Chairman

  
Director

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

# Emaar Malls PJSC and its subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2017 (unaudited)

		<i>(US \$1.00 = AED 3.673)</i>	
		<i>1 January 2017 to 30 June 2017 AED '000</i>	<i>1 January 2016 to 30 June 2016 AED '000</i>
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,020,748	986,635
Adjustments for:			
Depreciation of property, plant and equipment	10	18,368	24,907
Depreciation of investment properties	11	167,666	158,132
Provision for doubtful debts		7,052	3,525
Provision for employees' end of service benefits		1,732	1,663
Finance costs	7	140,828	136,548
Loss on disposal of property, plant and equipment		(43)	126
Finance income		(43,528)	(40,271)
Write-off		-	3,873
		<b>1,312,823</b>	<b>1,275,138</b>
Working capital changes:			
Inventories		1,567	(592)
Trade and unbilled receivables		4,478	(406)
Due from related parties		5,495	44,393
Advances, prepayments and other receivables		(25,034)	(5,405)
Due to related parties		58,986	49,575
Accounts payable and accruals		5,510	76,353
Advances and security deposits		52,112	(26,301)
Retentions payable		15,685	9,467
Deferred income		(59,435)	(2,970)
Net cash flows from operations		<b>1,372,187</b>	<b>1,419,252</b>
Employees' end of service benefits paid		(1,896)	(1,342)
Net cash flows from operating activities		<b>1,370,291</b>	<b>1,417,910</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	10	(3,339)	(7,794)
Amounts incurred on investment properties	11	(399,218)	(288,372)
Interest received		36,518	36,048
Proceeds from disposal of property, plant and equipment		43	37
Deposits under lien or maturing after three months		607,880	369,567
Net cash flows from investing activities		<b>241,884</b>	<b>109,486</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	16	(1,301,430)	(1,301,430)
Finance cost paid		(136,215)	(132,008)
Bonus paid to Board of Directors'	13	(5,550)	(5,550)
Net cash flows used in financing activities		<b>(1,443,195)</b>	<b>(1,438,988)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		<b>25,164</b>	<b>26,777</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>14</b>	<b>194,144</b>	<b>115,185</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY

For the period ended 30 June 2017 (unaudited)

	<i>Share capital AED'000</i>	<i>Reserves AED'000</i>	<i>Retained earnings AED'000</i>	<i>Total AED'000</i>
<i>1 January 2017 to 30 June 2017</i>				
As at 1 January 2017	13,014,300	874,358	2,130,425	16,019,083
Profit for the period	-		1,020,748	1,020,748
Other comprehensive income for the period	-	3,001	-	3,001
Total comprehensive income for the period	-	3,001	1,020,748	1,023,749
Dividends paid (note 16)	-	-	(1,301,430)	(1,301,430)
Directors' bonus [note 13(c)]	-	-	(5,550)	(5,550)
<b>As at 30 June 2017</b>	<b>13,014,300</b>	<b>877,359</b>	<b>1,844,193</b>	<b>15,735,852</b>
<i>1 January 2016 to 30 June 2016</i>				
As at 1 January 2016	13,014,300	491,419	1,937,945	15,443,664
Profit for the period	-	-	986,635	986,635
Other comprehensive loss for the period	-	(51,528)	-	(51,528)
Total comprehensive Income / (loss) for the period	-	(51,528)	986,635	935,107
Dividends paid (note 16)	-	-	(1,301,430)	(1,301,430)
Directors' bonus [note 13(c)]	-	-	(5,550)	(5,550)
<b>As at 30 June 2016</b>	<b>13,014,300</b>	<b>439,891</b>	<b>1,617,600</b>	<b>15,071,791</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

# Emaar Malls PJSC and its subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

### 1 CORPORATE INFORMATION

Emaar Malls 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. During the year ended 31 December 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.

On 23 May 2017, the Company entered into an agreement with Global Fashion Group SA (GFG) for the acquisition of a 51% stake in Namshi Group, which is wholly owned by GFG and its affiliate companies.

As of 30 June 2017, the legal formalities for the acquisition of Namshi Group were not completed and accordingly the Group has no control on the Namshi Group as of 30 June 2017. Hence, the Group has not consolidated the results of Namshi Group in these interim condensed consolidated financial statements.

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 June 2017 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and applicable requirements of United Arab Emirates law.

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 consolidated financial statements as at 31 December 2016.

Results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

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 June 2017. 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.

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



## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Basis of consolidation (continued)**

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 are as follows:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Beneficial Ownership</i>	
			<i>2017</i>	<i>2016</i>
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%

##### *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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six-months period ended 30 June 2017 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2016, 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 2017, which do not impact the interim condensed consolidated financial statements 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 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" as disclosed in the annual consolidated financial statements for the year ended 31 December 2016.

**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.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables include revenue, results and other segment information from 1 January 2017 to 30 June 2017 and 1 January 2016 to 30 June 2016. Assets and liabilities information regarding business segments are presented as at 30 June 2017 and 31 December 2016.

	<i>Super Regional Malls AED'000</i>	<i>Regional Malls AED'000</i>	<i>Community Integrated Retail AED'000</i>	<i>Specialty Retail AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
<i>1 January 2017 to 30 June 2017:</i>						
<b>Revenue</b>						
Rental income	1,331,550	94,105	121,952	76,012	-	1,623,619
<b>Results</b>						
Profit for the period	986,091	56,079	72,989	47,427	(141,838)	1,020,748
<b>Other segment information</b>						
Capital expenditure (Property, plant and equipment and investment properties)	328,245	8,374	61,746	3,904	288	402,557
Depreciation (Property, plant and equipment and investment properties)	134,526	18,807	16,759	14,125	1,817	186,034
Finance costs	-	-	-	-	140,828	140,828
<i>1 April 2017 to 30 June 2017:</i>						
<b>Revenue</b>						
Rental income	643,840	47,145	58,413	37,909	-	787,307
<b>Results</b>						
Profit for the period	466,571	26,743	31,790	20,278	(63,767)	481,615
<b>Other segment information</b>						
Capital expenditure (Property, plant and equipment and investment properties)	243,081	4,957	20,090	998	37	269,163
Depreciation (Property, plant and equipment and investment properties)	67,504	9,556	8,369	7,042	890	93,361
Finance costs	-	-	-	-	71,172	71,172
<b>Assets and liabilities as at 30 June 2017:</b>						
Segment assets	19,056,070	1,263,759	990,458	1,332,073	2,556,612	25,198,972
Segment liabilities	1,489,320	99,449	181,492	100,669	7,592,190	9,463,120

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
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As at 30 June 2017 (unaudited)

**3 SEGMENT INFORMATION (continued)**

**Business segments (continued)**

	<i>Super Regional Malls AED'000</i>	<i>Regional Malls AED'000</i>	<i>Community Integrated Retail AED'000</i>	<i>Specialty Retail AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
<i>1 January 2016 to 30 June 2016:</i>						
<b>Revenue</b>						
Rental income	1,318,122	94,928	129,488	75,847	-	1,618,385
<b>Results</b>						
Profit for the period	972,883	58,504	77,078	49,014	(170,844)	986,635
<b>Other segment information</b>						
Capital expenditure (Property, plant and equipment and investment properties)	259,515	5,161	24,153	5,269	2,068	296,166
Depreciation (Property, plant and equipment and investment properties)	133,281	18,449	19,209	10,819	1,281	183,039
Finance costs	-	-	-	-	136,548	136,548
<i>1 April 2016 to 30 June 2016:</i>						
<b>Revenue</b>						
Rental income	636,344	47,389	62,499	38,961	-	785,193
<b>Results</b>						
Profit for the period	459,596	29,501	33,983	25,539	(90,712)	457,907
<b>Other segment information</b>						
Capital expenditure (Property, plant and equipment and investment properties)	158,328	3,821	4,284	1,631	322	168,386
Depreciation (Property, plant and equipment and investment properties)	67,752	9,126	10,596	5,364	662	93,500
Finance costs	-	-	-	-	68,343	68,343
<b>Assets and liabilities</b> as at 31 December 2016:						
Segment assets	18,829,367	1,261,124	904,334	1,306,049	3,107,023	25,407,897
Segment liabilities	1,502,277	104,427	156,080	81,700	7,544,330	9,388,814

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

4 RENTAL INCOME

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>	<i>1 April 2017 to 30 June 2017 AED'000</i>	<i>1 April 2016 to 30 June 2016 AED'000</i>
Base rent	1,174,925	1,089,313	573,283	546,673
Turnover rent	57,138	118,565	21,281	42,001
Services charges	175,397	177,632	86,297	89,139
Promotion and marketing contribution	25,147	23,766	12,475	12,149
Specialty leasing	107,010	105,644	49,793	45,809
Multimedia	35,184	44,696	17,666	21,256
Others	48,818	58,769	26,512	28,166
	<u>1,623,619</u>	<u>1,618,385</u>	<u>787,307</u>	<u>785,193</u>

5 OPERATING EXPENSES

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>	<i>1 April 2017 to 30 June 2017 AED'000</i>	<i>1 April 2016 to 30 June 2016 AED'000</i>
Housekeeping and facility management	88,951	94,958	42,175	45,886
Direct staff costs	44,639	47,962	22,125	23,477
Utilities - net	29,056	32,133	17,646	20,729
Security	15,437	15,733	6,530	6,988
Others	26,798	29,483	12,112	15,482
	<u>204,881</u>	<u>220,269</u>	<u>100,588</u>	<u>112,562</u>

6 WRITE-OFF

During the period ended 30 June 2016, the Group partly demolished a Community Integrated Retail assets due to a planned redevelopment. Accordingly, the net book value of these asset were written-off from investment properties and property, plant and equipment.

7 FINANCE COSTS

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>	<i>1 April 2017 to 30 June 2017 AED'000</i>	<i>1 April 2016 to 30 June 2016 AED'000</i>
Interest on loans and borrowings	136,647	132,379	69,071	66,270
Others	4,181	4,169	2,101	2,073
	<u>140,828</u>	<u>136,548</u>	<u>71,172</u>	<u>68,343</u>

## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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#### 8 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>	<i>1 April 2017 to 30 June 2017 AED'000</i>	<i>1 April 2016 to 30 June 2016 AED'000</i>
Indirect staff costs	<u>15,333</u>	<u>16,142</u>	<u>7,284</u>	<u>7,591</u>

#### 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:

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>	<i>1 April 2017 to 30 June 2017 AED'000</i>	<i>1 April 2016 to 30 June 2016 AED'000</i>
<b>Earnings:</b>				
Profit attributable to the shareholders for basis or diluted earnings per share	<u>1,020,748</u>	<u>986,635</u>	<u>481,615</u>	<u>457,907</u>
<b>No of shares:</b>				
Weighted average number of ordinary shares for basic and diluted earnings per share (000)	<u>13,014,300</u>	<u>13,014,300</u>	<u>13,014,300</u>	<u>13,014,300</u>
<b>Earnings per share (AED):</b>				
- Basic and diluted	<u>0.08</u>	<u>0.08</u>	<u>0.04</u>	<u>0.04</u>

#### 10 PROPERTY, PLANT AND EQUIPMENT

##### Additions

During the period ended 30 June 2017, the Group purchased property, plant and equipment of AED 3,339 thousands (period ended 30 June 2016: AED 7,794 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 18,368 thousands (period ended 30 June 2016: AED 24,907 thousands).

#### 11 INVESTMENT PROPERTIES

##### Additions

During the period ended 30 June 2017, the Group had additions of AED 399,218 thousands (period ended 30 June 2016: AED 288,372 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 167,666 thousands (period ended 30 June 2016: AED 158,132 thousands).

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12 TRADE AND UNBILLED RECEIVABLES

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Trade receivables – net	102,983	85,207
Unbilled receivables	72,659	101,965
	<u>175,642</u>	<u>187,172</u>

Trade receivables include amounts due from related parties amounting to AED 3,572 thousands (31 December 2016: AED 2,588 thousands) [note 13 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 75,764 thousands (31 December 2016: AED 68,712 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 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Balance at 1 January	68,712	55,257
Net charge for the period/ year	7,052	14,194
Written off during the period/ year	-	(739)
Balance at period/ year-end	<u>75,764</u>	<u>68,712</u>

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.

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>
<i>Rental income</i>		
Parent Company	11,180	7,463
Affiliated entities	32,959	30,187
Entities owned or controlled by Directors and other related parties	40,746	63,810
	<u>84,885</u>	<u>101,460</u>

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13 RELATED PARTY DISCLOSURES (continued)

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>
<i>Operating expenses – net</i>		
Parent Company	21,314	21,351
Affiliated entities	37,515	38,484
Entities owned or controlled by Directors and other related parties	<u>(2,294)</u>	<u>(2,275)</u>
<i>Sales and marketing expenses</i>		
Parent Company	2,637	1,149
Affiliated entities	344	323
Entities owned or controlled by Directors and other related parties	<u>22</u>	<u>449</u>
<i>General and administrative expenses</i>		
Parent Company	38,374	36,606
Affiliated entities	2,348	1,735
Entities owned or controlled by Directors and other related parties	<u>272</u>	<u>-</u>
<i>Finance income</i>		
Entities owned or controlled by Directors and other related parties	<u>14,329</u>	<u>8,565</u>
<i>Finance costs</i>		
Entities owned or controlled by Directors and other related parties	<u>5,177</u>	<u>4,731</u>
<i>Capital expenditures</i>		
Parent Company	1,722	25,801
Affiliated entities	<u>9,339</u>	<u>5,584</u>



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13 RELATED PARTY DISCLOSURES (continued)

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

	Bank balances and cash AED '000	Due from related parties AED '000	Trade / unbilled receivables AED '000	Interest bearing loans and borrowings AED '000	Due to related parties AED '000	Deferred income AED '000	Trade payables AED '000
<b>30 June 2017</b>							
<i>Non-current</i>							
Entities owned or controlled by Directors and other related parties	-	-	-	214,258	-	-	-
				<b>214,258</b>			
<i>Current</i>							
Parent Company		-	504	-	144,957	501	-
Affiliated entities		50,333	5,468	-	615	9,106	-
Entities owned or controlled by Directors and other related parties	1,130,372	-	-	-	-	36,990	1,053
	<b>1,130,372</b>	<b>50,333</b>	<b>5,972</b>	<b>-</b>	<b>145,572</b>	<b>46,597</b>	<b>1,053</b>

Outstanding balances are secured and interest-bearing. For the periods ended 30 June 2017 and year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED

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As at 30 June 2017 (unaudited)

13 RELATED PARTY DISCLOSURES (continued)

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

	Bank balances and cash AED '000	Due from related parties AED '000	Trade / unbilled receivables AED '000	Interest bearing loans and borrowings AED '000	Due to related parties AED '000	Deferred income AED '000	Trade payables AED '000
<i>31 December 2016 (Audited)</i>							
<i>Non-current</i>							
Entities owned or controlled by Directors and other related parties	-	-	-	214,258	-	-	-
	-	-	-	214,258	-	-	-
<i>Current</i>							
Parent Company	-	-	-	-	79,998	2,614	-
Affiliated entities	-	55,828	2,588	-	6,885	16,214	-
Entities owned or controlled by Directors and other related parties	1,107,415	-	-	-	-	17,669	376
	1,107,415	55,828	2,588	-	86,883	36,497	376

## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

#### 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:

	<i>1 January 2017 to 30 June 2017 AED'000</i>	<i>1 January 2016 to 30 June 2016 AED'000</i>
Short term benefits	10,604	12,196
End of service benefits	370	610

As at 30 June 2017, the number of key management personnel was 15 (30 June 2016: 16).

During the period, the Company has paid a bonus to the members of the Board of Directors amounting to AED 650 thousands for each board member (including the Vice Chairman) and a bonus amounting to AED 1 million to the Chairman of the Board for the year 2016 as approved by the shareholders at the Annual General Meeting of the Company held on 18 April 2017.

#### 14 BANK BALANCES AND CASH

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Cash in hand	123	171
Bank balances:		
Current and call accounts	194,021	24,993
Cash and cash equivalents	194,144	25,164
Deposits under lien (note 18)	35,287	31,897
Deposits maturing after three months	2,882,263	3,493,533
Balance at period/ year-end	3,111,694	3,550,594

Included in the bank balances and cash is an amount of AED 1,130,372 thousands (31 December 2016: AED 1,107,415 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 1.90 % and 2.80 % per annum (31 December 2016: 2.32% and 2.80% per annum).

#### 15 SHARE CAPITAL

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Authorised capital – 13,014,300,000 shares of AED 1 each (2016: 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 (2016: 13,014,300,000 shares of AED 1 each)	13,014,300	13,014,300

## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

#### 16 DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2016 was approved by the shareholders of the Company at the Annual General Meeting held on 18 April 2017 and was paid during the period ended 30 June 2017.

#### 17 RESERVES

Movement in reserves is as follows:

	<i>Statutory reserve AED'000</i>	<i>Legal reserve AED'000</i>	<i>Hedging reserve AED'000</i>	<i>Total AED'000</i>
<i>1 January 2017 to 30 June 2017:</i>				
As at 1 January 2017	488,271	394,285	(8,198)	874,358
Other comprehensive income for the period	-	-	3,001	3,001
Total comprehensive income for the period	-	-	3,001	3,001
<b>As at 30 June 2017</b>	<b>488,271</b>	<b>394,285</b>	<b>(5,197)</b>	<b>877,359</b>
<i>1 January 2016 to 30 June 2016:</i>				
As at 1 January 2016	300,839	206,853	(16,273)	491,419
Other comprehensive loss for the period	-	-	(51,528)	(51,528)
Total comprehensive loss for the period	-	-	(51,528)	(51,528)
<b>As at 30 June 2016</b>	<b>300,839</b>	<b>206,853</b>	<b>(67,801)</b>	<b>439,891</b>

As required by the UAE Federal Commercial Companies Law No. (2) of 2015 and the Article number 57 of the Company's Article of Association, 10% of the net profit for the year shall be transferred to legal reserve until it reaches 50% of the share capital. Further, 10% of the net profit for the year shall be transferred to statutory reserve until it reaches 50% of the paid-up share capital. These reserves are not available for distribution except in the circumstances stipulated by the law.

#### 18 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Interest bearing loans and borrowings	4,591,250	4,591,250
Less: unamortised portion of loan arrangement fee	(29,170)	(32,822)
<b>Net interest bearing loans and borrowings</b>	<b>4,562,080</b>	<b>4,558,428</b>

## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2017 (unaudited)

#### 18 INTEREST BEARING LOANS AND BORROWINGS (continued)

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
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)	<u>4,562,080</u>	<u>4,558,428</u>
	<u><u>4,562,080</u></u>	<u><u>4,558,428</u></u>

Interest bearing loans and borrowings represents Syndicated Murhabha Islamic finance facility for USD 1.25 billion (AED 4,591,250 thousands) availed from commercial banks in the UAE. The 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 35,287 thousands (31 December 2016: AED 31,897 thousands) against interest payable (note 14).

As at 30 June 2017, part of interest bearing loans and borrowings amounting to USD 58,333 thousands (AED 214,258 thousands) (31 December 2016: AED 214,258 thousands) is borrowed from a related party [note 13 (b)].

#### 19 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:

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Proceeds from the issuance of the Sukuk	<u>2,754,750</u>	<u>2,754,750</u>
Less: Sukuk issuance cost	<u>(21,587)</u>	<u>(21,587)</u>
Sukuk liability on initial recognition	<u>2,733,163</u>	<u>2,733,163</u>
Profit accrued up to period/ year-end	<u>5,532</u>	<u>4,571</u>
Sukuk liability as at period/ year-end	<u><u>2,738,695</u></u>	<u><u>2,737,734</u></u>

#### 20 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Trade payables	<u>51,129</u>	<u>40,387</u>
Accrued expenses	<u>587,005</u>	<u>591,616</u>
Interest payable	<u>7,856</u>	<u>8,483</u>
Other payables	<u>11,402</u>	<u>14,397</u>
	<u><u>657,392</u></u>	<u><u>654,883</u></u>

Included in the trade payables is an amount of AED 1,053 thousand (31 December 2016: AED 376 thousands) due to related parties [note 13(b)].

## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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#### 21 COMMITMENTS AND CONTINGENCIES

##### Commitments

At 30 June 2017, the Group had commitments of AED 1,382,974 thousands (31 December 2016: AED 1,048,330 thousands) which includes project commitments of AED 1,156,436 thousands (31 December 2016: AED 889,884 thousands). This represents the value of contracts issued as at reporting date net of invoices received and accruals made as at that date.

As stated in Note 1, the Company entered an agreement with Global Fashion Group SA (GFG) for the acquisition of 51% stake in Namshi Group. As per the acquisition agreement, the Company has agreed to pay an amount of AED 555,670 thousands as purchase consideration upon satisfactory fulfilling of the conditions for completion.

##### 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:

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Within one year	2,449,319	2,554,497
After one year but not more than five years	5,089,681	4,702,774
More than five years	599,694	688,055
	<u>8,138,694</u>	<u>7,945,326</u>

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 June 2017 was AED 175,397 thousands (period ended 30 June 2016: AED 177,632 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:

	<i>30 June 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Within one year	1,038	1,400
After one year but not more than five years	-	519
More than five years	-	-
	<u>1,038</u>	<u>1,919</u>

##### Legal claims

As at 30 June 2017, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 37,342 thousands (31 December 2016: AED 9,474 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.

## Emaar Malls PJSC and its subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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#### 22 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 2016: AED 2,662,925 thousands).

	30 June 2017		31 December 2016	
	Assets AED'000	Liabilities AED'000	Assets AED'000	Liabilities AED'000
<i>Interest rate swap contracts</i>				
Fair value	-	5,197	-	8,198

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
<b>30 June 2017</b>				
Interest rate swap contracts	5,197	-	5,197	-
<b>31 December 2016</b>				
Interest rate swap contracts	8,198	-	8,198	-

**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.