Majid Al Futtaim Properties LLC
Consolidated Financial Statements

For the year ended 31 December 2013

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Consolidated Financial Statements

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Directors' Report

The Directors' Report and the audited consolidated financial statements of Majid Al Futtaim Properties LLC ("the Company") and its subsidiaries (collectively referred to as "MAFP Group") are presented for the year ended 31 December 2013. The consolidated financial statements were prepared by the management. Management took responsibility for fairly presenting them in accordance with the applicable financial reporting framework and gave clearance for issuance of the consolidated financial statements on 5 March 2014.

Activities

The MAFP Group is made up of three business units; Shopping Malls, Hospitality and Communities. MAFP Group has been able to build and maintain a leading position in shopping malls development, operations and asset management within the MENA region, with over 160 million customer visits last year. MAFP Group continually seeks new opportunities for expansion of its three businesses into countries across the region and adjacent countries. The hospitality business focuses on the development and asset management of hotels attached to the MAFP Group shopping malls or within master-planned communities or stand-alone mid-scale and budget hotels and uses third party global operators for operational management of its hotels. The communities business focuses on developing a mix of land, residential and commercial properties throughout the region. MAFP Group's business units also provide fee-based advisory, development and management services to investee companies and related parties.

2013 significant developments

In 2013 MAFP Group opened a new shopping mall in Beirut, Lebanon.

During the year MAFP Group implemented a new ERP system.

Financial results

MAFP Group's revenue for the year 2013 was AED 3,547 million, a 13% increase over 2012 revenue of AED 3,149 million.

- Shopping Malls business unit revenue increased 11% to AED 2,858 million, or 81% of total revenue (2012: AED 2,584 million or 82% of total revenue);
- Hotels business unit revenue increased 25% to AED 665 million, or 19% of total revenue (2012: AED 533 million or 17% of total revenue) and;
- Communities business unit revenue decreased 27% to AED 24 million (2012: AED 33 million).

MAFP Group's EBITDA is considered to be the key measure of MAFP Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate centre overhead expenses, and excludes all finance costs (net), taxes, depreciation, amortization, impairment charges, fair value gains / (losses), share of losses from joint ventures and associate, IAS 17 lease adjustments, foreign exchange gains / (losses), capital expenditure write offs and loss on disposal of subsidiaries. MAFP Group's EBITDA for 2013, based on MAFP Group's management reporting as explained in note 6.1(a), was AED 2,195 million, a 14% increase over 2012 MAFP Group's EBITDA (2012: AED 1,930 million).

- Shopping Malls EBITDA increased 9% to AED 2,174 million or 99% of MAFP Group's EBITDA (2012: AED 1,988 million or 103% of MAFP Group's EBITDA);
- Hotels EBITDA increased 67% to AED 267 million or 12% of MAFP EBITDA (2012: AED 160 million or 8% of MAFP EBITDA);
- Communities EBITDA had an EBITDA loss of AED 51 million or negative 2% of MAFP Group's EBITDA (2012: EBITDA loss of AED 19 million or negative 1%) and;
- Corporate centre expenses amounted to AED 195 million or negative 9% of MAFP Group's EBITDA (2012: AED 199 million or negative 10% of MAFP Group's EBITDA).

Directors' Report (continued)

Financial results (continued)

The above operating results are primarily driven by the performance of its comparable like-for-like assets and reflect the partial results in 2013 of a new shopping mall in Beirut, Lebanon in 2013; commencement of Kempinski Ixir hotel in Bahrain; and strong performance of Sheraton Hotel Mall of Emirates. The year-on year results also reflect the lapping effects of the opening of the new shopping mall in Fujairah, UAE; newly refurbished Deira City Centre Pullman hotel; and the partial redevelopment at Kempinski Mall of Emirates hotel in 2012.

The net profit of MAFP Group for the year ended 31 December 2013 was AED 2,490 million (2012: AED 1,110 million). The major items that are included in the net profit are as follows:

- Net valuation gain on land and buildings for the year 2013 amounted to AED 969 million (2012: AED 549 million);
- Depreciation and amortization for the year 2013 amounted to AED 321 million (2012: AED 576 million);
- Finance costs for the year 2013 amounted to AED 350 million (2012: AED 601 million);
- Share of profit in joint ventures and associate for the year 2013 amounted to AED 8 million (2012: loss of AED 50 million); and
- Income tax charge for the year 2013 amounted to AED 13 million (2012: AED 55 million).

Dividend / Coupon

In the current year the Company declared a coupon of AED 220 million (2012: AED 220 million), at the rate of 8% per annum on the amount outstanding towards the subordinated capital loan instrument for a one year period from 06 October 2012 to 05 October 2013. Furthermore the Company declared a dividend of AED 60 million during the year.

Board of Directors

Alvaro Portela
Iyad Malas
Jaap Gillis
Abdullah Al Ghurair
Salem Al Ghurair - (Appointed February 1st 2014)
Richard North
Neil Jones
George Kostas
Guillaume Poitrinal
Basel Noman Ahmed - (Appointed January 1st 2014)

Auditors

A resolution dealing with the reappointment of the auditors of Majid Al Futtaim Properties LLC shall be proposed at the forthcoming general meeting.

On behalf of the Board of Directors

Company Secretary

KPMG Lower Gulf Limited
P.O.Box 341145
Level 12, IT Plaza Tower
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Independent Auditors' Report

The Shareholders
Majid Al Futtaim Properties LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Majid Al Futtaim Properties LLC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; a physical count of inventories was carried out by the management in accordance with established principles; and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2013, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG

05 MAR 2014

Consolidated income statement
For the year ended 31 December 2013

	Note	2013 AED'000	2012 AED'000
Continuing operations			
Revenue	7	**3,547,071**	3,149,327
Operating expenses	8	**(1,666,598)**	(1,802,695)
Net valuation gain / (loss) on land and building	13(i)	**969,161**	548,642
Other (expenses) / income - net	10	**(14,001)**	3,355
Impairment reversal	11	-	27,000
Share of profit / (loss) in joint ventures and associate - net	15	**8,260**	(50,372)
Finance income	9.1	**8,966**	7,861
Finance costs	9.2	**(350,089)**	(600,889)
Profit for the year before tax		**2,502,770**	1,282,229
Income tax (charge) / credit - net	24.1	**(12,847)**	(54,860)
Profit from continuing operations		**2,489,923**	1,227,369
Discontinued operations			
Loss on discontinued operations - net of tax	18(iv)	-	(117,242)
Profit for the year		**2,489,923**	1,110,127
Profit / (loss) attributable to:			
Owners of the Company		**2,490,777**	1,102,555
Non-controlling interest		**(854)**	7,572
		2,489,923	1,110,127

The notes on pages 13 to 63 form part of these consolidated financial statements.

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

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2013

	Note	2013 AED'000	2012 AED'000
Profit for the year		**2,489,923**	1,110,127
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Net valuation gain on land and building	12(i)	**352,601**	754,418
Items that are or may be reclassified to profit or loss			
Net change in fair value of cash flow hedges transferred to profit or loss	9	**-**	64,355
Effective portion of changes in fair value of cash flow hedges	9	**-**	(44,828)
Hedging reserve transferred to profit or loss on novation of hedging instruments	9	**-**	188,430
Foreign currency translation reserve transferred to profit or loss on disposal of subsidiaries	18(iv)	**-**	120,281
Foreign currency translation differences from foreign operations		**(111,164)**	(141,694)
Other comprehensive income for the year, net of tax		**241,437**	940,962
Total comprehensive income for the year		**2,731,360**	2,051,089
Total comprehensive income attributable to:			
Owners of the Company		**2,732,214**	2,043,384
Non-controlling interest		**(854)**	7,705
		2,731,360	2,051,089

The notes on pages 13 to 63 form part of these consolidated financial statements.

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

Consolidated statement of financial position
As at 31 December 2013

	Note	2013 AED'000	2012 AED'000
Non-current assets			
Property, plant and equipment	12	**3,549,977**	3,118,864
Investment property	13	**28,023,646**	26,099,380
		31,573,623	29,218,244
Other non-current assets			
Investment in joint ventures and associate	15	**1,093,007**	1,117,880
Intangible asset	16	**112,603**	132,388
Long term receivables	18.2	**70,899**	12,173
Deferred tax asset	24.3	**4,142**	3,276
		1,280,651	1,265,717
Current assets			
Development property	14	**76,105**	66,336
Inventories		**21,502**	27,841
Receivables and prepayments	17	**896,233**	514,413
Due from related parties	18.1	**83,636**	65,737
Cash in hand and at bank	19	**409,341**	601,754
		1,486,817	1,276,081
Current liabilities			
Payables and accruals	20	**1,911,611**	1,813,517
Provisions	21	**113,000**	100,868
Due to related parties	18.1	**77,442**	57,922
Loans and borrowings	22	**4,417,992**	3,997,482
		6,520,045	5,969,789
Net current liabilities		**(5,033,228)**	(4,693,708)
Non-current liabilities			
Loans and borrowings	22	**2,726,138**	3,106,087
Other long term liabilities	23	**60,349**	82,518
Deferred tax liabilities	24.2	**94,839**	115,998
Long term portion of provision for bonus	21	**5,933**	10,539
Provision for staff terminal benefits	21.1	**58,759**	51,443
		2,946,018	3,366,585
Net assets		**24,875,028**	22,423,668

Consolidated statement of financial position (continued)
As at 31 December 2013

	Note	2013 AED'000	2012 AED'000
Equity:			
Share capital	25.1	**3,500,000**	3,500,000
Shareholder contribution	25.2	**2,938,430**	2,938,430
Revaluation reserve	25.3	**13,447,913**	13,095,312
Other reserves		**4,912,100**	2,812,487
Equity attributable to owners of the Company		**24,798,443**	22,346,229
Non-controlling interest		**76,585**	77,439
Total equity		**24,875,028**	22,423,668

The notes on pages 13 to 63 form part of these consolidated financial statements.

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

By Order of the Board on 5 March 2014.

Chief Executive Officer

Chief Financial Officer

Consolidated statement of cash flows
For the year ended 31 December 2013

	Note	2013 AED'000	2012 AED'000
Profit for the year after tax		**2,489,923**	1,110,127
Adjustments for:			
Finance income	9.1	**(8,966)**	(7,861)
Finance cost	9.2	**350,089**	600,889
Impairment reversal	11	**-**	(27,000)
Net (gain) / loss on revaluation of land and buildings	13(i)	**(969,161)**	(548,642)
Depreciation	12	**301,460**	556,146
Net (reversal) / provision for deferred tax	24.1	**(7,430)**	14,913
Amortisation of intangible asset	16	**19,785**	19,793
Loss / (gain) on sale of property, plant and equipment and investment properties	10	**196**	5,811
Fixed assets / project costs written off	10	**9,015**	13,814
Share of (profit) / loss in joint ventures and associate	15	**(8,260)**	50,372
Adjustment of currency translation reserve on disposal of subsidiaries	18(iv)	**-**	120,281
Cash generated from operations		**(313,272)**	798,516
Changes in:			
Inventories		**6,339**	1,920
Receivables and prepayments		**(419,288)**	92,218
Payables and accruals		**31,827**	113,484
Due (from) / to related parties		**1,621**	21,084
Provisions and employee benefits		**14,842**	10,520
Net cash from operating activities		**1,811,992**	2,147,869
Investing activities			
Additions to property, plant and equipment	12	**(195,915)**	(350,550)
Additions to investment property	13	**(1,272,228)**	(583,550)
Additions to development property	14	**(9,769)**	(3,551)
Investment in fixed deposits	19	**99,490**	(117,295)
Additional investment in joint ventures and associate	15.1	**-**	(83,000)
Payment of liability for acquisition of intangible asset	23(ii)	**(24,489)**	(22,675)
Interest received		**8,966**	9,165
Net cash used in investing activities		**(1,393,945)**	(1,151,456)

Consolidated statement of cash flows (continued)
For the year ended 31 December 2013

	Note	2013 AED'000	2012 AED'000
Financing activities			
Long term loans received	22.1 & 22.2	**1,953,473**	4,470,811
Long term loans repaid	22.1 & 22.2	**(2,185,573)**	(4,983,721)
Coupon paid	25.2.2	**-**	(220,000)
Dividend paid	18(ix)	**(40,000)**	-
Interest paid		**(273,460)**	(548,369)
Net cash used in financing activities		**(545,560)**	(1,281,279)
Net decrease in cash and cash equivalents		**(127,513)**	(284,866)
Cash and cash equivalents at beginning of the year		**484,459**	769,325
Currency translation effect on cash held		**1,929**	-
Cash and cash equivalents at end of the year		**358,875**	484,459
Cash and cash equivalents comprise:			
Cash in hand and at bank (excluding deposits of AED 17.8 million (2012: 117.3) with maturity of more than 3 months)	19	**391,536**	484,459
Less: bank overdraft	22	**(32,661)**	-
		358,875	484,459

The notes on pages 13 to 63 form part of these consolidated financial statements.

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

Consolidated statement of changes in equity
For the year ended 31 December 2013

	Attributable to the equity holders of the company									
				--------------------Other reserves------------------------						
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Hedging reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2012	3,500,000	2,750,000	12,340,894	1,943,308	558,246	(207,957)	(163,186)	20,721,305	69,734	20,791,039
Total comprehensive income for the year										
Profit for the year	-	-	-	1,102,555	-	-	-	1,102,555	7,572	1,110,127
Other comprehensive income										
Net valuation gain on land and building (refer note 12(i))	-	-	754,418	-	-	-	-	754,418	-	754,418
Net change in fair value of cash flow hedges transferred to profit or loss (refer note 9.2)	-	-	-	-	-	64,355	-	64,355	-	64,355
Effective portion of changes in fair value of cash flow hedges (refer note 9)	-	-	-	-	-	(44,828)	-	(44,828)	-	(44,828)
Transferred to profit or loss on novation of hedging instruments (refer notes 9.2 & 18(viii))	-	-	-	-	-	188,430	-	188,430	-	188,430
Foreign currency translation reserve transferred to profit or loss on disposal of subsidiaries (refer note 18(iv))	-	-	-	-	-	-	120,281	120,281	-	120,281
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	(141,827)	(141,827)	133	(141,694)
Total comprehensive income for the year	-	-	754,418	1,102,555	-	207,957	(21,546)	2,043,384	7,705	2,051,089
Transactions with owners of the Company, recorded directly in equity										
Contributions by and distributions to owners of the Company and other movements in equity										
Transfer to statutory reserve (refer note 25.4)	-	-	-	(51,185)	51,185	-	-	-	-	-
Coupon declared (refer note 25.2.2 & 18(ix))	-	-	-	(220,000)	-	-	-	(220,000)	-	(220,000)
Dividend declared (refer note 18(ix))	-	-	-	(386,890)	-	-	-	(386,890)	-	(386,890)
Shareholders' contribution (refer notes 25.2.3 & 18(viii))	-	188,430	-	-	-	-	-	188,430	-	188,430
Total contributions by and distributions to the owners of the Company	-	188,430	-	(658,075)	51,185	-	-	(418,460)	-	(418,460)
At 31 December 2012	3,500,000	2,938,430	13,095,312	2,387,788	609,431	-	(184,732)	22,346,229	77,439	22,423,668

Consolidated statement of changes in equity
For the year ended 31 December 2013 (continued)

	Attributable to the equity holders of the company									
				--------------------Other reserves------------------------						
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Hedging reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2013	3,500,000	2,938,430	13,095,312	2,387,788	609,431	-	(184,732)	22,346,229	77,439	22,423,668
Total comprehensive income for the year										
Profit for the year	-	-	-	2,490,777	-	-	-	2,490,777	(854)	2,489,923
Other comprehensive income										
Net valuation gain on land and building (refer note 12(i))	-	-	352,601	-	-	-	-	352,601	-	352,601
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	(111,164)	(111,164)	-	(111,164)
Total comprehensive income for the year	-	-	352,601	2,490,777	-	-	(111,164)	2,732,214	(854)	2,731,360
Transactions with owners of the Company, recorded directly in equity										
Contributions by and distributions to owners of the Company and other movements in equity										
Transfer to statutory reserve (refer note 25.4)	-	-	-	(162,415)	162,415	-	-	-	-	-
Coupon declared (refer note 25.2.2 & 18(ix))	-	-	-	(220,000)	-	-	-	(220,000)	-	(220,000)
Dividend declared (refer note 18(ix))	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Total contributions by and distributions to the owners of the Company	-	-	-	(442,415)	162,415	-	-	(280,000)	-	(280,000)
At 31 December 2013	**3,500,000**	**2,938,430**	**13,447,913**	**4,436,150**	**771,846**	**-**	**(295,896)**	**24,798,443**	**76,585**	**24,875,028**

The notes on pages 13 to 63 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Majid Al Futtaim Properties LLC (“the Company”) was registered as a limited liability company in the Emirate of Dubai, United Arab Emirates (“UAE”) on 5 February 1994.

The principal activities of the Company and its subsidiaries are investing in and operating and managing commercial projects including shopping malls, hotels, residential, leisure and entertainment and investing in joint ventures and associates. The Company and its subsidiaries are collectively referred to as “MAFP Group”. The registered address of the Company is P.O. Box 60811, Dubai, UAE. The Company is a wholly owned subsidiary of Majid Al Futtaim Holding LLC (“MAFH”), which in turn is a wholly owned subsidiary of Majid Al Futtaim Capital LLC (“MAFC”), the ultimate holding entity. The registered address of MAFC is P.O. Box 91100, Dubai, UAE.

2. Basis of preparation

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the U.A.E. Federal Law No.8 of 1984 (as amended).

The consolidated financial statements were authorized for issue by the Company’s Board of Directors on 5 March 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured at fair value:

(i) investment properties; and
(ii) certain classes of property, plant and equipment.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

Judgements

Information about critical judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are described below:

(i) Accounting for dual use properties

Investment property is property held to either earn rental income or capital appreciation or for both. Certain properties of MAFP Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by MAFP Group in supply of services or for administrative purposes.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements (continued)

(i) Accounting for dual use properties (continued)

Properties that can be sold or finance-leased separately

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

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

In countries other than UAE, wherever similar laws exist, the respective properties are split between property, plant and equipment and investment properties based on the leasable value of each portion.

Properties that cannot be sold or finance-leased separately

Certain properties in the UAE have been developed on land gifted to the majority shareholder of the ultimate holding entity, personally, rather than the Company. These properties are held in the name of the majority shareholder for the beneficial interest of the Company.

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

Furthermore, due to legal restrictions in Oman, properties cannot currently be sold or finance-leased separately.

Accordingly the properties held in Oman and those gifted by the Ruler of Dubai cannot be split between property, plant and equipment and investment properties. Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

Change in accounting estimates

As at 31 December 2012, MAFP Group revised its basis of estimating the level of own use of properties that cannot be sold or finance-leased separately. The basis changed from the level of ancillary income to leasable value of the self-occupied and let out portions of the respective properties. If the level of own use of a property, as determined by leasable value, is insignificant, the property is classified as investment property, otherwise, it is classified as property plant and equipment. This change in accounting estimate will only have an impact on future periods, commencing after 31 December 2012. The financial impact due to the change in estimate is explained in note 12(ii).

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements (continued)

(ii) Apportionment of fair values between land and buildings

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2014 are described below:

(i) Staff terminal benefits

MAFP Group's liability for staff terminal benefits qualifies as a defined benefit plan under IAS 19. MAFP Group's net obligation in respect of staff terminal benefits is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior years, and is discounted to determine the present value of the obligation. The discount rate used is the yield at the reporting date on premium bonds that have maturity dates approximating the terms of MAFP Group's obligations. The principal assumptions for calculation of the provision for staff terminal benefits at the reporting date are as follows:

Discount rate	3.02% (2012: 2.64%)
Future salary increase	5% (2012: 5.5%)

(ii) Provision for bad debts

Trade receivables in relation to shopping malls are monitored on a monthly basis by management. Specific provisions are established for high-risk, no pay receivables, troubled accounts, and accounts which are under legal action, bankruptcy or liquidation. Non-specific reserve provision will be calculated by applying an allowance percentage to the ageing "buckets" in accounts receivable. The provision percentages reflect the best estimate of unresolved disputed items and potential bad debts. Disputed items may include those related to pricing, delivery quantity or service rendered, and discounts or allowances. The non-specific provision calculation will exclude those accounts identified for the specific reserve. The non-specific provision is not applied to post-dated cheques or to undue receivables. The non-specific provision is based on the ageing and percentages highlighted below:

Past Due (Payment date)	Allowance / Provision Percentage
1-30 days	0%
31-60 days	10%
61-90 days	20%
91-180 days	50%
Over 180 days	100%

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

Measurement of fair values

A number of MAFP Group's accounting policies and disclosures require the measurement of fair values, mainly for non-financial assets.

When measuring the fair value of an asset, MAFP Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

MAFP Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Furthermore information about the assumptions made in measuring fair values is included in the following notes:

- Note 12(vii) property, plant and equipment
- Note 13(viii) investment properties

3. Changes in accounting policies

Except for the changes below, MAFP Group has consistently applied the accounting policies set out in note 4 to all periods presented in these consolidated financial statements.

MAFP Group has adopted, for the first time, certain standards and amendments which are effective from 1 January 2013. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in other entities, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. The adoption of these new standards and amendments do not significantly impact these consolidated financial statements, except for the presentation and disclosures. The nature and effects of these changes are disclosed below.

3. Changes in accounting policies (continued)

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. Comparative information has also been represented accordingly. The amendment affected presentation only and had no impact on MAFP Group's financial position or income statement.

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

- an investor has power over an investee;
- the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 had no impact on the consolidation of investments held by MAFP Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 had no impact on MAFP Group's financial position or income statement. Furthermore, under IFRS 11 MAFP Group classifies its interest in joint arrangements as either joint operations or joint ventures. When making this assessment MAFP Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangement and other facts and circumstances. Previously the structure of the arrangement was the sole focus of the classification.

IFRS 12 Disclosure of Interests in other entities

As a result of IFRS 12, MAFP Group has expanded its disclosures about its interests in other entities (refer note 4(a)(v)).

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. The application of IFRS 13 has not materially impacted the fair value measurements carried out by MAFP Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures.

MAFP Group has not early adopted any other standard, interpretation or amendment under IFRS that has been issued but is not yet effective.

4. Significant accounting policies

Except for the changes explained in note 3, MAFP Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of MAFP Group for the year ended 31 December 2013.

(i) Subsidiaries

Subsidiaries are entities controlled by MAFP Group. MAFP Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements on a line by line basis from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by MAFP Group.

The accounting year-end for all of MAFP Group's subsidiaries is 31 December.

(ii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee depending on the level of influence retained.

(iii) Interests in equity-accounted investees

MAFP Group's interests in equity-accounted investees comprise interests in joint ventures and an associate.

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

MAFP Group accounts for its interest in associates and joint ventures using the equity method and are recognized initially at cost which includes transactions costs.

The consolidated financial statements include MAFP Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of MAFP Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(iv) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in MAFP Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Interest in other entities

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

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of MAFP Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Business combinations involving entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls MAFP Group are accounted for at the date that common control was established.

MAFP Group applies the book value measurement method to all common control transactions. The assets and liabilities acquired or transferred are recognized or de-recognized at the carrying amounts recognized or de-recognized previously in the ultimate holding entity's consolidated financial statements. The components of other comprehensive income of the acquired entities are added to the same components within MAFP Group's other comprehensive income. Any gain/loss arising is recognised directly in other comprehensive income. When a common control entity is sold or transferred, the cumulative amount in the translation reserve related to that entity is reclassified to profit or loss in line with the accounting policy on foreign operations (refer note 4(b)).

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of MAFP Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

4. Significant accounting policies (continued)

(b) Foreign currency (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. Share capital is translated at historical rate. The income and expenses of foreign operations are translated into functional currency at average rates of exchange during the year.

Foreign exchange differences are recognised in other comprehensive income, and accumulated in the currency translation reserve except to the extent that the translation difference is allocated to non-controlling interest.

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

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly such differences are recognised in other comprehensive income, and accumulated in the translation reserve in equity.

(c) Lease payments

Lease payments incurred as lessee under operating leases are recognised as an expense in profit or loss on a straight line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalisation of borrowing costs continues until the assets are substantially ready for the intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds.

(e) Finance income and finance costs

Finance income comprises interest income on funds deposited with banks and related party receivables. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense, arrangement fees, processing fees and similar charges on borrowings, unwinding of the discount on provisions and deferred consideration, and losses on hedging instruments that are recognised in profit or loss.

Finance income and costs also comprise the changes in fair value of cash flow hedges transferred from equity including any ineffective portion of such changes.

4. Significant accounting policies (continued)

(f) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Interest and other overheads directly attributable to the projects are included in capital work in progress until completion thereof.

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

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

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

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

(g) Intangible assets

Goodwill

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

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

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

Other intangible assets

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

Amortisation

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

	Life
Metro naming rights	10 years

4. Significant accounting policies (continued)

(h) Property, plant and equipment

Recognition and measurement

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

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

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement is recognised directly in equity. Any loss is recognised immediately in profit or loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to equity.

Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to MAFP Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is charged to profit or loss so as to write off the cost / revalued amounts of property, plant and equipment by equal instalments over their estimated useful lives. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed asset, from the date that asset is completed and ready for use.

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

4. Significant accounting policies (continued)

(h) Property plant and equipment (continued)

Depreciation (continued)

Useful lives of assets for the current and comparative years are as follows:

Category of assets	***Useful life in years***
Buildings	4 - 50 years
Motor vehicles	4 years
Furniture, fixtures and equipment	3 - 4 years
Leisure rides and games	3 - 10 years

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

Revaluation reserve

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

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

De-recognition

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

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

(i) Investment property

Recognition and measurement

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

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

Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise. An investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period the property is derecognised.

4. Significant accounting policies (continued)

(i) Investment property (continued)

Reclassification to property plant and equipment

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

(j) Development property

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

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

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

(k) Assets held for sale

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

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

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

(l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

4. Significant accounting policies (continued)

(l) Impairment (continued)

Financial assets (continued)

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

Non-financial assets

The carrying amount of MAFP Group's non-financial assets, other than property, plant and equipment and investment properties that are fair valued and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date in order to assess impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

(n) Staff terminal and retirement benefits

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

Under the UAE Federal Law No.7 of 1999 for pension and social security law, employers are required to contribute 12.5% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. MAFP Group's contribution is recognised as an expense in profit or loss as incurred.

(o) Revenue recognition

Revenue comprises amounts derived from the provision of services falling within MAFP Group's ordinary activities and encompasses hospitality services, rental income and leisure and entertainment activities.

Revenue from hospitality services and leisure and entertainment activities is recognised on rendering the services. Revenue from services is recognised on a uniform basis as the right to use the facilities is made available to the customers.

4. Significant accounting policies (continued)

(o) Revenue recognition (continued)

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

(p) Alcohol

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

(q) Financial instruments

(i) Non-derivative financial assets

MAFP Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

MAFP Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or if MAFP Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset are transferred. Any interest in such transferred financial assets that is created or retained by MAFP Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MAFP Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

MAFP Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

(ii) Non-derivative financial liabilities

MAFP Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

4. Significant accounting policies (continued)

(q) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

MAFP Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

MAFP Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

(r) Provisions

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

(s) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

(i) Current tax

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

(ii) Deferred tax

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4. Significant accounting policies (continued)

(s) Income tax (continued)

(ii) Deferred tax (continued)

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent it is probable that future tax profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Operating segments

An operating segment is a component of MAFP Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of MAFP Group's other components. All operating segments' operating results are reviewed regularly by MAFP Group's Board of Directors to assess performance.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily Company's head office), head office expenses.

(u) Discontinued operations

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

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

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

When an operation is classified as a discontinued operation, the comparative consolidated income statement is reclassified as if the operation has been discontinued for the start of the comparative year.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have accordingly not been applied in preparing these consolidated financial statements. Those which may be relevant to the MAFP Group are set out below. The MAFP Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. Management is currently assessing the impact of IFRS 9 (2010) on MAFP Group's financial instruments.

5. Determination of fair values

A number of MAFP Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(i) Investment properties and property, plant and equipment

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The fair value of the investment properties and land and building included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets. The valuation has been prepared in accordance with the RICS Valuation - Professsional Standards (March 2012) (the "Red Book"). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Valuation technique

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

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

6. Segment information and reporting

MAFP Group's goal is the creation of long-term sustainable shareholder value. It does this through the entrepreneurial development and management of fully owned or partially owned shopping malls and synergistic hotel and mixed-use projects where these add value to its shopping malls. It is organized to achieve these goals through three business units; Shopping Mall Business Unit "SMBU", Hotels Business Unit "HOBU" and Communities Business Unit "COBU" and sustained by corporate centre functions such as business development, finance, human resources, project management, legal, valuation and risk management. Geographic segments are divided into UAE, Oman, Bahrain, Kingdom of Saudi Arabia ("KSA") combined as "GCC", Egypt and Lebanon. In the previous year the operations in Syria were transferred to Majid Al Futtaim Capital LLC.

The performance of the business units, as included in the internal management reports, is reviewed by the Board of Directors (the Chief Operating Decision Maker). The Board is collectively responsible for the success of the Company and addresses both routine and non-routine matters such as approving strategy, plans, mergers and acquisitions, developments and expenditures. The Board also oversees budgets and debt or equity funding as well as monitoring performance, key executives and organization structure decisions including delegations of authority.

MAFP Group's three business units are responsible for managing owned assets as well as strategic equity investments or joint ventures defined as those that MAFP Group has management agreements such as asset management agreements or development management agreements. Equity investments or joint ventures without such agreements are considered as non-strategic and governed by corporate centre functions.

6. Segment information and reporting (continued)

Management Reporting

In conjunction with IFRS financial and other financial indicators, MAFP Group relies on non-GAAP profitability measures together with statistical and operating key performance indicators to achieve its business unit and corporate goals. These non-GAAP financial measures are used to supplement IFRS reporting so as to align business reporting with operating performance:

Management Revenue: Statutory reported revenues are adjusted to exclude the impacts of non-cash IAS17 lease accounting impacts, and include the consolidated revenues of managed equity investments or joint ventures revenues.

Business unit EBITDA: This key reporting measure includes the consolidated results of managed equity investments or joint ventures, and is defined as all business unit revenues and operating expenses before finance charges, taxes, depreciation, amortization, impairment charges and fair value changes.

MAFP EBITDA: This is considered to be the key measure of MAFP Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate centre expenses before finance charges, taxes, depreciation, amortization, impairment charges and fair value changes.

Business unit Operating Profit: This business unit financial measure is defined as business unit EBITDA after impacts of gross asset fair value changes (irrespective of IAS16 or IAS40 classification); non-cash charges such as depreciation, amortization, impairment and asset write-offs; MAFP Group share in non-managed equity investments' or joint ventures' net profit or loss; minority share of managed equity investments' or joint ventures' net profit or loss; and any gains or losses on asset disposals.

Management Net Profit: This corporate measure is defined as the aggregate of business unit's operating profit after finance charges, foreign exchange gains or losses and taxes.

Segment Assets and Liabilities: Relate to assets or liabilities that are directly attributable to business unit or corporate centre functions.

For 2013, management has reclassified and restated certain corporate centre fair value changes and assets into the three business units to reflect changes in responsibility with respect to certain land and joint venture investments, as well as a reclassification of work in progress assets.

Shopping Mall Business Unit (SMBU)

This business unit leads and manages all aspects of the retail development and management of shopping malls, from regional shopping malls to smaller community centres. As of 31 December 2013 MAFP Group held an ownership interest and management of twelve income producing properties in the United Arab Emirates, Oman, Bahrain, Egypt and Lebanon. As at the reporting date MAFP Group was in the process of constructing seven shopping malls (including an extension to an existing shopping mall in Egypt), two hotels and one residential project which are expected to commence operations from 2014 to 2016. The business unit conducts its activities through functions such as development, design, leasing, marketing and property management, and also owns a number of leisure and entertainment operations located within its shopping malls.

Revenues from this business unit principally comprise of base minimum rents, percentage rents based on tenant sales volume, mall promotions and media, recovery of common area charges, leisure and entertainment assets, and management fees.

6. Segment information and reporting (continued)

Hotels Business Unit (HOBU)

This business unit is responsible for leading the development of hotel assets and asset management of these assets with third-party hotel operators. As of 31 December 2013 MAFP Group held an ownership interest in ten hotels located in the United Arab Emirates and Bahrain. As at the reporting date MAFP Group was in the process of constructing two hotels.

Revenues from this business unit principally comprise of room revenues, food and beverage revenues and management fees.

Communities Business Unit (COBU)

This business unit is responsible for master development of larger master planned lifestyle developments that comprise multiple asset classes, and is responsible for infrastructure, residential and commercial assets within these developments. The business unit is also responsible for managing MAFP's Group portfolio of three office buildings in Dubai, UAE. As at the reporting date MAFP Group was in the process of constructing one residential project.

Revenues from this business unit principally comprise of sale proceeds upon recognition or leasing revenues from commercial, residential, serviced land or other mixed use assets as well as management fees.

6. Segment information and reporting (continued)

6.1 EBITDA, Management Net Profit and Net Assets – By Business Unit

6.1(a) EBITDA and Management Net Profit	SMBU 2013	SMBU 2012	HOBU 2013	HOBU 2012	COBU 2013	COBU 2012	Total 2013	Total 2012	Corporate Centre 2013	Corporate Centre 2012	Total 2013	Total 2012
	AED in millions											
Revenue	**2,878.4**	2,620.3	**665.2**	533.1	**24.1**	32.5	**3,567.7**	3,185.9	**-**	-	**3,567.7**	3,185.9
Operating expenses	**(570.8)**	(538.6)	**(379.9)**	(334.3)	**(30.6)**	(18.2)	**(981.3)**	(891.1)	**-**	-	**(981.3)**	(891.1)
Asset EBITDA	**2,307.6**	2,081.7	**285.3**	198.8	**(6.5)**	14.3	**2,586.4**	2,294.8	**-**	-	**2,586.4**	2,294.8
Support Cost	**(134.1)**	(93.2)	**(18.0)**	(39.1)	**(44.2)**	(33.3)	**(196.3)**	(165.6)	**(195.2)**	(199.0)	**(391.5)**	(364.6)
EBITDA	**2,173.5**	1,988.5	**267.3**	159.7	**(50.7)**	(19.0)	**2,390.1**	2,129.2	**(195.2)**	(199.0)	**2,194.9**	1,930.2
Depreciation and amortisation	**(68.2)**	(52.2)	**(14.2)**	(25.6)	**(1.4)**	(0.2)	**(83.8)**	(78.0)	**(1.9)**	(10.6)	**(85.7)**	(88.6)
Share of gain/(loss) in JVs and associate	**-**	-	**-**	-	**(5.3)**	-	**(5.3)**	-	**5.8**	(15.0)	**0.5**	(15.0)
Profit on sale of assets	**(0.6)**	-	**(0.2)**	-	**-**	-	**(0.8)**	-	**-**	-	**(0.8)**	-
Noncontrolling interest	**(18.0)**	-	**-**	-	**10.6**	-	**(7.4)**	-	**22.6**	0.3	**15.2**	0.3
Net valuation (loss) / gain on land and building	**946.9**	668.6	**215.6**	72.3	**(12.7)**	7.2	**1,149.8**	748.1	**7.6**	1.2	**1,157.4**	749.3
Provisions write back / (write off)	**(6.9)**	(3.5)	**-**	-	**(0.2)**	-	**(7.1)**	(3.5)	**(2.8)**	-	**(9.9)**	(3.5)
Operating profit	**3,026.7**	2,601.4	**468.5**	206.4	**(59.7)**	(12.0)	**3,435.5**	2,795.8	**(163.9)**	(223.1)	**3,271.6**	2,572.7
disposal of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(120.2)	**-**	(120.2)
Income tax	**(3.9)**	-	**-**	-	**-**	-	**(3.9)**	-	**(19.1)**	(49.2)	**(23.0)**	(49.2)
Provisions write back / (write off)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(2.0)	**-**	(2.0)
Foreign exchange gain (loss)	**(0.7)**	-	**(0.1)**	-	**0.1**	-	**(0.7)**	-	**(7.2)**	(3.8)	**(7.9)**	(3.8)
Finance cost	**(26.6)**	-	**-**	-	**3.1**	-	**(23.5)**	-	**(525.5)**	(615.8)	**(549.0)**	(615.8)
Net Profit as per management report	**2,995.5**	2,601.4	**468.4**	206.4	**(56.5)**	(12.0)	**3,407.4**	2,795.8	**(715.7)**	(1,014.1)	**2,691.7**	1,781.7

6.1(b) Segment assets and liabilities

	SMBU 2013	SMBU 2012	HOBU 2013	HOBU 2012	COBU 2013	COBU 2012	Total 2013	Total 2012	Corporate Centre 2013	Corporate Centre 2012	Total 2013	Total 2012
Segment assets	**28,649.4**	26,175.6	**3,259.8**	3,090.5	**3,931.9**	3,047.6	**35,841.1**	32,313.7	**189.8**	221.8	**36,030.9**	32,535.5
Segment liabilities	**(2,063.6)**	(2,452.9)	**(103.5)**	(150.6)	**(1,252.9)**	(256.0)	**(3,420.0)**	(2,859.5)	**(6,494.7)**	(6,880.5)	**(9,914.7)**	(9,740.0)
Net Assets (N-1)	**26,585.8**	23,722.7	**3,156.3**	2,939.9	**2,679.0**	2,791.6	**32,421.1**	29,454.2	**(6,304.9)**	(6,658.7)	**26,116.2**	22,795.5

Notes:

(N-1) - Intercompany balances have been excluded to arrive at the net assets

6. Segment information and reporting (continued)

6.2 EBITDA, Management Net Profit and Net Assets – Geographical

	Geographical Performance																	
	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Syria		Total	
6.2(a) EBITDA and Management Net Profit	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	AED in millions																	
Revenue	**2,787.5**	2,568.0	**145.4**	145.0	**373.2**	311.0	-	-	**3,306.1**	3,024.0	**148.0**	150.0	**113.6**	11.9	-	-	**3,567.7**	3,185.9
Operating expenses	**(723.4)**	(717.0)	**(19.0)**	(23.0)	**(138.8)**	(114.9)	-	-	**(881.2)**	(854.9)	**(24.9)**	(26.0)	**(75.2)**	(10.2)	-	-	**(981.3)**	(891.1)
Asset EBITDA	**2,064.1**	1,851.0	**126.4**	122.0	**234.4**	196.1	-	-	**2,424.9**	2,169.1	**123.1**	124.0	**38.4**	1.7	-	-	**2,586.4**	2,294.8
Support Cost	**(354.1)**	(306.3)	-	-	-	-	**(5.2)**	(3.7)	**(359.3)**	(310.0)	**(19.9)**	(18.7)	**(12.3)**	(32.0)	-	(3.9)	**(391.5)**	(364.6)
EBITDA	**1,710.0**	1,544.7	**126.4**	122.0	**234.4**	196.1	**(5.2)**	(3.7)	**2,065.6**	1,859.1	**103.2**	105.3	**26.1**	(30.3)	-	(3.9)	**2,194.9**	1,930.2
Adjustments for:																		
Depreciation and amortisation	**(67.7)**	(67.2)	**(1.2)**	(1.0)	**(12.6)**	(17.7)	-	-	**(81.5)**	(85.9)	**(2.7)**	(2.7)	**(1.5)**	-	-	-	**(85.7)**	(88.6)
Net valuation (loss) / gain on land and building	**1,150.0**	717.4	**(5.6)**	10.5	**88.0**	48.6	-	-	**1,232.4**	776.5	**18.3**	39.4	**(93.3)**	(66.6)	-	-	**1,157.4**	749.3
Provisions write back / (write off)	**(1.5)**	(3.0)	-	-	**(0.1)**	-	-	-	**(1.6)**	(3.0)	**(8.3)**	-	-	-	-	(0.5)	**(9.9)**	(3.5)
Share of gain in joint ventures and associate-net	**(6.7)**	(18.5)	-	3.5	-	-	-	-	**(6.7)**	(15.0)	-	-	**6.3**	-		-	**(0.4)**	(15.0)
Noncontrolling interest	**15.1**	-	-	-	-	-	-	-	**15.1**	-	-	-		0.3		-	**15.1**	0.3
Profit / (loss) on sale of assets	**0.2**	-	-	-	-	-	-	-	**0.2**	-	-	-		-		-	**0.2**	-
Operating profit	**2,799.4**	2,173.4	**119.6**	135.0	**309.7**	227.0	**(5.2)**	(3.7)	**3,223.5**	2,531.7	**110.5**	142.0	**(62.4)**	(96.6)	-	(4.4)	**3,271.6**	2,572.7
disposal of subsidiaries	-	(120.2)	-	-	-	-	-	-	-	(120.2)		-		-		-	-	(120.2)
Income tax	-	-	-	-	-	-	-	-	-	-	**(22.3)**	(64.8)	**(0.7)**	9.9		5.7	**(23.0)**	(49.2)
Provisions write back / (write off)	-	(2.0)	-	-	-	-	-	-	-	(2.0)		-		-		-	-	(2.0)
Foreign exchange gain (loss)	**(7.3)**	(8.0)	-	-	-	-	-	-	**(7.3)**	(8.0)	**(0.1)**	0.8	(0.4)	-		3.3	**(7.8)**	(3.9)
Finance costs - net	**(540.2)**	(502.7)	**0.1**	(6.1)	**0.1**	(100.0)	-	-	**(540.0)**	(608.8)	**0.8**	(11.6)	**(9.9)**	4.7		-	**(549.1)**	(615.7)
Net Profit as per management report	**2,251.9**	1,540.5	**119.7**	128.9	**309.8**	127.0	**(5.2)**	(3.7)	**2,676.2**	1,792.7	**88.9**	66.4	**(73.4)**	(82.0)		4.6	**2,691.7**	1,781.7

6.2(b) Segment assets and liabilities

	UAE 2013	UAE 2012	Oman 2013	Oman 2012	Bahrain 2013	Bahrain 2012	KSA 2013	KSA 2012	GCC Total 2013	GCC Total 2012	Egypt 2013	Egypt 2012	Lebanon 2013	Lebanon 2012	Syria 2013	Syria 2012	Total 2013	Total 2012
Segment non-current assets	**25,171.3**	23,330.0	**1,313.4**	1,239.9	**2,873.6**	2,821.5	**379.7**	-	**29,738.0**	27,391.4	**1,793.6**	1,752.3	**2,423.2**	1,882.8	-	-	**33,954.8**	31,026.5
Segment assets	**1,262.4**	815.4	**125.8**	83.7	**179.2**	134.0	-	0.1	**1,567.4**	1,033.2	**297.8**	67.4	**210.9**	408.4	-	-	**2,076.1**	1,509.0
Segment liabilities	**(7,385.6)**	(8,251.1)	**(355.1)**	(81.9)	**(271.4)**	(180.0)	**(41.6)**	(1.2)	**(8,053.7)**	(8,514.2)	**(640.1)**	(367.0)	**(1,220.9)**	(858.8)	-	-	**(9,914.7)**	(9,740.0)
Net Assets (N-1)	**19,048.1**	15,894.3	**1,084.1**	1,241.7	**2,781.4**	2,775.5	**338.1**	(1.1)	**23,251.7**	19,910.4	**1,451.3**	1,452.7	**1,413.2**	1,432.4	-	-	**26,116.2**	22,795.5

Notes:

(N-1) - Intercompany balances have been excluded to arrive at the net assets

6. Segment information and reporting (continued)

6.3 Reconciliation of management revenue	SMBU		HOBU		COBU		Corporate Centre		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	AED in millions									
Revenue as per financial statements	**2,857.7**	2,583.7	**665.2**	533.1	**24.1**	32.5	**-**	-	**3,547.0**	3,149.3
Reconciling items:										
Intercompany eliminations	**(9.8)**	41.7	**-**	-	**-**	-	**-**	-	**(9.8)**	41.7
Proportionate consolidation done for Sharjah Holding (N-1)	**32.5**	(15.6)	**-**	-	**-**	-	**-**	-	**32.5**	(15.6)
Reclassification of insurance claim received in Egypt	**-**	16.1	**-**	-	**-**	-	**-**	-	**-**	16.1
Non-cash IAS-17 lease adjustments	**(2.0)**	(5.6)	**-**	-	**-**	-	**-**	-	**(2.0)**	(5.6)
Revenue as per management report	**2,878.4**	2,620.3	**665.2**	533.1	**24.1**	32.5	**-**	-	**3,567.7**	3,185.9

Notes:

(N-1) In the previous year, in the Management report, Fujairah City Centre was proportionately consolidated, however in the current year the treatment is similar to the statutory financial statements.

6.4 Reconciliation of fair value changes in properties	SMBU		HOBU		COBU		Corporate Centre		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	AED in millions									
Net valuation changes recognised in income statement	**848.0**	303.8	**110.1**	193.1	**(6.5)**	39.2	**17.5**	12.5	**969.1**	548.6
Net valuation changes recognised in equity (IAS16)	**-**	600.1	**349.9**	152.4	**2.7**	1.9	**-**	-	**352.6**	754.4
Net valuation changes reported in statutory financial statements	**848.0**	903.9	**460.0**	345.5	**(3.8)**	41.1	**17.5**	12.5	**1,321.7**	1,303.0
Reconciling items:										
Deduct: fair value accounting adjustments (N-2)	**98.9**	(234.1)	**(244.4)**	(273.2)	**(8.9)**	(33.9)	**(9.9)**	(11.3)	**(164.3)**	(552.5)
Add: valuation changes on strategic equity investments or joint ventures (N-3)	**-**	(1.2)	**-**	-	**-**	-	**-**	-	**-**	(1.2)
Total fair value adjustments	**98.9**	(235.3)	**(244.4)**	(273.2)	**(8.9)**	(33.9)	**(9.9)**	(11.3)	**(164.3)**	(553.7)
Net valuation changes reported in management report	**946.9**	668.6	**215.6**	72.3	**(12.7)**	7.2	**7.6**	1.2	**1,157.4**	749.3

Notes:

(N-2) For the calculation of management report net profit, gross changes in fair value from one reporting date to another are reported in the income statement as compared to the net accouting valuation change computed as per the requirements of IAS 16 or

(N-3) For the calculation of management report, net fair value changes, proportionate equity share of strategic equity investments or joint ventures are considered as part of respective business unit.

6. Segment information and reporting (continued)

6.5 (a) Reconciliation of Management Segment assets and liabilities - By Business Unit	SMBU		HOBU		COBU		Total		Corporate Centre		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	AED in millions											
Assets												
As reported in the management report	**28,649.4**	26,175.6	**3,259.8**	3,090.5	**3,931.9**	3,047.6	**35,841.1**	32,313.7	**189.8**	221.8	**36,030.9**	32,535.5
Adjustments and reconciling items	**(157.8)**	-	**(287.4)**	-	**(1,277.9)**	(627.0)	**(1,723.1)**	(627.0)	**33.2**	(148.5)	**(1,689.9)**	(775.5)
As reported in the financial statements	**28,491.6**	26,175.6	**2,972.4**	3,090.5	**2,654.0**	2,420.6	**34,118.0**	31,686.7	**223.0**	73.3	**34,341.0**	31,760.0
Liabilities												
As reported in the management report	**(2,063.6)**	(2,452.9)	**(103.5)**	(150.6)	**(1,252.9)**	(256.0)	**(3,420.0)**	(2,859.5)	**(6,494.7)**	(6,880.5)	**(9,914.7)**	(9,740.0)
Adjustments and reconciling items	**-**	-	**-**	-	**448.7**	247.8	**448.7**	247.8	**-**	155.8	**448.7**	403.6
As reported in the financial statements	**(2,063.6)**	(2,452.9)	**(103.5)**	(150.6)	**(804.2)**	(8.2)	**(2,971.3)**	(2,611.7)	**(6,494.7)**	(6,724.7)	**(9,466.0)**	(9,336.4)

6.5 (b) Reconciliation of Management Segment assets and liabilities - Geographical	UAE		Oman		Bahrain		KSA		GCC Total		Egypt	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	AED in millions											
Assets												
As reported in the management report	**26,433.7**	24,145.4	**1,439.2**	1,323.6	**3,052.8**	2,955.5	**379.7**	0.1	**31,305.4**	28,424.6	**2,091.4**	1,819.7
Adjustments and reconciling items	**(991.5)**	(148.5)	**(42.9)**	-	**34.2**	-	**-**	-	**(1,000.2)**	(148.5)	**(8.0)**	-
As reported in the financial statements	**25,442.2**	23,996.9	**1,396.3**	1,323.6	**3,087.0**	2,955.5	**379.7**	0.1	**30,305.2**	28,276.1	**2,083.4**	1,819.7
Liabilities												
As reported in the management report	**(7,385.6)**	(8,251.1)	**(355.1)**	(81.9)	**(271.4)**	(180.0)	**(41.6)**	(1.2)	**(8,053.7)**	(8,514.2)	**(640.1)**	(367.0)
Adjustments and reconciling items	**-**	148.6	**-**	-	**-**	-	**-**	-	**-**	148.6	**-**	-
As reported in the financial statements	**(7,385.6)**	(8,102.5)	**(355.1)**	(81.9)	**(271.4)**	(180.0)	**(41.6)**	(1.2)	**(8,053.7)**	(8,365.6)	**(640.1)**	(367.0)

6.5 (b) Reconciliation of Management Segment assets and liabilities - Geographical (continued)	Lebanon		Total	
	2013	2012	2013	2012
	AED in millions			
Assets				
As reported in the management report	**2,634.1**	2,291.2	**36,030.9**	32,535.5
Adjustments and reconciling items	**(681.7)**	(627.0)	**(1,689.9)**	(775.5)
As reported in the financial statements	**1,952.4**	1,664.2	**34,341.0**	31,760.0
Liabilities				
As reported in the management report	**(1,220.9)**	(858.8)	**(9,914.7)**	(9,740.0)
Adjustments and reconciling items	**448.7**	255.0	**448.7**	403.6
As reported in the financial statements	**(772.2)**	(603.8)	**(9,466.0)**	(9,336.4)

6. Segment information and reporting (continued)

6.6 Reconciliation of Management Net Profit	SMBU		HOBU		COBU		Corporate Centre		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	AED in millions									
Net profit / (loss) as per financial statements - attributable to the owners of the company	**2,907.5**	1,983.4	**132.1**	99.0	**(51.6)**	18.3	**(497.4)**	(998.1)	**2,490.6**	1,102.6
Reconciling items:										
Fair value adjustments (refer table-6.4)	**98.9**	(235.3)	**(244.4)**	(273.2)	**(8.9)**	(33.9)	**(9.9)**	(11.3)	**(164.3)**	(553.7)
IAS-16 Fair value changes recognised in equity in financial statements, but in profit or loss in management report (refer table-6.4)	**-**	600.1	**349.9**	152.4	**2.7**	1.9	**-**	-	**352.6**	754.4
Depreciation on strategic assets (N-1) not recognized in management report	**-**	258.3	**230.8**	228.2	**1.1**	1.7	**11.6**	26.9	**243.5**	515.1
Coupons declared to MAFH (N-2) on the subordinated capital loan instruments	**-**	-	**-**	-	**-**	-	**(220.0)**	(220.0)	**(220.0)**	(220.0)
Transfer of hedging reserve from equity to profit or loss on novation of derivative instruments to MAFH	**-**	-	**-**	-	**-**	-	**-**	188.4	**-**	188.4
Non-cash IAS-17 lease adjustments (refer table-6.3)	**(2.0)**	(5.6)	**-**	-	**-**	-	**-**	-	**(2.0)**	(5.6)
Minority interest adjustment	**(4.5)**	-	**-**	-	**-**	-	**-**	-	**(4.5)**	-
Other adjustments	**(4.4)**	0.5	**-**	-	**0.2**	-	**-**	-	**(4.2)**	0.5
Total reconciling items	**88.0**	618.0	**336.3**	107.4	**(4.9)**	(30.3)	**(218.3)**	(16.0)	**201.1**	679.1
Management net profit / (loss)	**2,995.5**	2,601.4	**468.4**	206.4	**(56.5)**	(12.0)	**(715.7)**	(1,014.1)	**2,691.7**	1,781.7

Notes:

(N-1) - For the management report net profit calculation, depreciation is not charged on strategic assets which are subject to fair valuation. Gross changes in fair value are reported in the income statement. For the financial statements all assets which are classified under IAS-16 are depreciated and any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

(N-2) - For management report net profit calculation, coupons declared during the year on the subordinated capital loan instruments are shown as a deduction from net profit. For the financial statements, coupons are shown as an appropiation of distributable profit and are adjusted in equity.

6.7 Capital expenditure as reported in the internal management report	SMBU		HOBU		COBU		Corporate Centre		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	AED in millions									
Capital expenditure as reported in the internal management report	**1,540**	715	**133**	222	**249**	64	**40**	80	**1,962**	1,081

6.8 Revenue from customers who contribute more than 10% to the revenue of MAFP Group	2013	2012
	AED in millions	
Revenue earned from MAFP Group's related parties (N-3)	**240.3**	195.0

Notes:

(N-3) - MAFP Group's related parties have contributed 10% (2012: 10.7%) of the total revenue from the Shopping Mall BU for the year ended 31 December 2013.

7. Revenue

	2013	2012
	AED'000	AED'000
Rental income	**2,609,186**	2,376,860
Hospitality revenue	**665,232**	533,075
Leisure and entertainment revenue	**261,632**	232,871
Others	**11,021**	6,521
	3,547,071	3,149,327

8. Operating expenses

	2013	2012
	AED'000	AED'000
Staff costs (refer note below)	**(469,275)**	(445,670)
Depreciation (refer note 12)	**(301,460)**	(556,146)
Legal, professional and consultancy fees	**(47,027)**	(57,230)
Selling and marketing expenses	**(129,802)**	(103,636)
Amortization charge for intangible asset (refer note 16)	**(19,785)**	(19,793)
Other operating expenses	**(699,249)**	(620,220)
	(1,666,598)	(1,802,695)

Staff costs are net of costs capitalised to various projects amounting to AED 60.5 million (2012: AED 48.5 million).

9. Finance income / (costs) - net

Recognised in profit or loss	**2013**	2012
	AED'000	AED'000
9.1 Finance income		
Interest income	**8,966**	7,861
Finance income	**8,966**	7,861
9.2 Finance costs		
Arrangement and participation fees	**(17,543)**	(5,767)
Interest expense	**(319,676)**	(371,930)
Discounting of long term receivable from a joint venture (refer note 18.2)	**(26,044)**	-
Add: capitalised interest	**13,174**	29,593
	(350,089)	(348,104)
Net changes in fair value of cash flow hedges transferred from equity	-	(64,355)
Hedging reserve transferred from equity on novation of hedging instruments (refer notes 18(viii) and 25.5)	-	(188,430)
Finance costs	**(350,089)**	(600,889)
Net finance cost recognised in profit or loss	**(341,123)**	(593,028)

Recognised directly in other comprehensive income	**2013**	2012
	AED'000	AED'000
Effective portion of changes in fair value of cash flow hedges	-	(44,828)
Net changes in fair value of cash flow hedges transferred to profit or loss	-	64,355
Hedging reserve transferred to profit or loss on novation of hedging instruments (refer notes 18(viii) and 25.5)	-	188,430
Finance income recognised in other comprehensive income	-	207,957

9. Finance income / (costs) – net (continued)

Capitalised interest arises on borrowings for development expenditure.

The capitalisation rate used to determine the amount of borrowing cost eligible for capitalization is approximately 5.5% to 9% (2012: 4% to 11.75%) depending on the effective interest rate over the tenure of the borrowing.

10. Other (expenses) / income - net

	2013	2012
	AED'000	AED'000
Foreign exchange loss	**(7,897)**	(4,960)
(Loss) / gain on disposal of property, plant and equipment and investment property - net	**(196)**	(5,811)
Service charges levied on related parties (refer note 18(vii))	**24,582**	12,063
Fixed assets / project costs written off	**(9,015)**	(13,814)
Other (expense) / income - net	**(21,475)**	15,877
	(14,001)	3,355

11. Impairment reversal

	2013	2012
	AED'000	AED'000
Reversal of impairment on investment in an associate (refer note 15.2)	**-**	27,000
	-	27,000

12. Property, plant and equipment

	Land and buildings AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Leisure rides and games AED'000	Capital work in progress AED'000	Total AED'000
Cost / valuation						
At 1 January 2012	16,089,903	4,629	473,584	350,768	343,815	17,262,699
Additions	254,051	770	54,669	671	40,389	350,550
Disposal of subsidiaries (refer note 18 (iv))	-	-	(510)	-	(276,319)	(276,829)
Reclassification	27,455	-	-	-	(27,455)	-
Disposals / write offs / reversals / other adjustments	(38,927)	(61)	(4,666)	(323)	(475)	(44,452)
Transfers to related party	-	-	(1,472)	-	-	(1,472)
Transferred from investment property (refer note (iii))	-	-	-	-	14,922	14,922
Accumulated depreciation & impairment eliminated on valuation / transfers	(500,485)	-	-	-	(8,123)	(508,608)
Net valuation gain on land and buildings (refer note (i) below)	959,992	-	-	-	-	959,992
Transferred to investment property (refer note (ii) below)	(13,966,089)	-	-	-	-	(13,966,089)
Effect of foreign exchange movements	-	-	-	-	(40,261)	(40,261)
At 31 December 2012	2,825,900	5,338	521,605	351,116	46,493	3,750,452
At 1 January 2013	2,825,900	5,338	521,605	351,116	46,493	3,750,452
Additions	83,011	1,269	28,449	11,203	71,983	195,915
Reclassification	31,460	-	(31,460)	-	-	-
Disposals / write offs / reversals / other adjustments	(97)	(304)	-	-	-	(401)
Capitalized during the year (refer note (iv))	-	-	34,435	-	(34,435)	-
Transferred from investment property (refer note (iii) below)	22,735	-	-	-	33,881	56,616
Accumulated depreciation eliminated on valuation / transfers	(246,746)	-	-	-	-	(246,746)
Net valuation gain on land and buildings (refer note (i) below)	480,174	-	-	-	-	480,174
Effect of foreign exchange movements	35	(12)	-	-	-	23
At 31 December 2013	**3,196,472**	**6,291**	**553,029**	**362,319**	**117,922**	**4,236,033**
Depreciation and impairment						
At 1 January 2012	-	(3,655)	(283,982)	(291,362)	(8,123)	(587,122)
Depreciation charge for the year (refer note 8)	(500,485)	(892)	(43,473)	(11,296)	-	(556,146)
Accumulated depreciation & impairment eliminated on valuation	500,485	-	-	-	-	500,485
Disposals / write offs	-	61	3,011	-	8,123	11,195
At 31 December 2012	-	(4,486)	(324,444)	(302,658)	-	(631,588)

12. Property, plant and equipment (continued)

	Land and buildings AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Leisure rides and games AED'000	Capital work in progress AED'000	Total AED'000
Depreciation and impairment (continued)						
At 1 January 2013	-	(4,486)	(324,444)	(302,658)	-	(631,588)
Depreciation charge for the year (refer note 8)	(246,746)	(569)	(51,387)	(2,758)	-	(301,460)
Accumulated depreciation & impairment eliminated on valuation	246,746	-	-	-	-	246,746
Disposals / write offs	-	246	-	-	-	246
At 31 December 2013	**-**	**(4,809)**	**(375,831)**	**(305,416)**	**-**	**(686,056)**
Carrying amounts						
At 1 January 2012	16,089,903	974	189,602	59,406	335,692	16,675,577
At 31 December 2012	2,825,900	852	197,161	48,458	46,493	3,118,864
At 31 December 2013	**3,196,472**	**1,482**	**177,198**	**56,903**	**117,922**	**3,549,977**

(i) During 2013, a revaluation gain of AED 480.2 million (2012: AED 960.0 million) has been recognised on property, plant and equipment of which valuation gain of AED 352.6 million (2012: AED 754.4 million) has been credited to other comprehensive income and gain of AED 127.6 million (2012: AED 205.6 million) has been credited to profit or loss (also refer note 13(i)).

(ii) As at 31 December 2012, MAFP Group transferred developed properties amounting to AED 13,838.5 million to investment properties due to a change in methodology used to determine own use occupation. This qualified as a change in accounting estimate and, accordingly, was prospectively applied in these consolidated financial statements. Management was unable to determine the financial impact of this change in accounting estimate on subsequent years. However, management expected a decrease in depreciation expense and recognition of fair valuation gain or loss through profit or loss in accordance with IAS 40. Also refer note 2(d)(i).

As at 1 January 2012, MAFP Group transferred undeveloped lands amounting to AED 111 million to investment properties in order to more appropriately present the assets in accordance with their nature.

(iii) In the previous year a subsidiary of MAFP Group transferred a portion of a land amounting to AED 14.9 million from investment property to property, plant and equipment as the subsidiary had begun construction of a hotel on that portion of the land. Similarly, in the current year the Company has transferred a land amounting to AED 35 million from investment property to property, plant and equipment as it has begun construction of a hotel on that land.

(iv) In the current year the Company has completed the implementation of its new accounting software amounting to AED 34.4 million which has been appropriately capitalized under furniture, fixtures and equipment.

(v) Certain lands are held in the personal name of a majority shareholder of the ultimate holding entity for the beneficial interest of MAFP Group.

12. Property, plant and equipment (continued)

(vi) If the properties had been measured under the historical cost basis the carrying amounts would have been as follows:

	2013		2012	
	AED'000 Land	AED'000 Buildings	AED'000 Land	AED'000 Buildings
Cost	205,996	3,357,861	205,996	3,178,687
Accumulated depreciation	-	(1,150,109)	-	(852,427)
Net carrying amount	**205,996**	**2,207,752**	**205,996**	**2,326,260**

(vii) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for property, plant and equipment of AED 3,196.5 million has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(b) Significant unobservable inputs

The following table shows the significant unobservable inputs used:

Significant unobservable inputs for hotels	**Significant unobservable inputs for offices**
• Internal rate of return: 12% - 13% • Income return: 4% - 14% • Average occupancy: 72%	• Internal rate of return: 12% • Income return: 10% • Average occupancy: 100%

Inter-relationship between key unobservable inputs and fair value measurement

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

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

13. Investment property

	Land-undeveloped AED'000	Land and buildings AED'000	Capital work in progress AED'000	Total AED'000
At 1 January 2012	1,183,927	9,162,072	1,120,438	11,466,437
Additions	-	40,335	543,215	583,550
Disposals / write offs / reversals	-	(23,216)	-	(23,216)
Reclassification	(275,442)	-	275,442	-
Capitalized during the year (refer note (ii) below)		362,560	(362,560)	-
Disposal of subsidiaries (refer note 18 (iv))	(47,489)	-	-	(47,489)
Net valuation (loss) / gain on investment property (refer note (i) below)	44,141	365,567	(66,662)	343,046
Transfer from property, plant and equipment (refer note 12 (ii))	111,000	13,838,535	16,554	13,966,089
Transfer to property, plant and equipment (refer note 12 (iii))	(14,922)	-	-	(14,922)
Transfer to development property (refer note (iii) below)	(62,785)	-	-	(62,785)
Effect of foreign exchange movements	(7,663)	(86,364)	(17,303)	(111,330)
At 31 December 2012	930,767	23,659,489	1,509,124	26,099,380
At 1 January 2013	930,767	23,659,489	1,509,124	26,099,380
Additions	-	329,298	942,930	1,272,228
Disposals / write offs / reversals	-	(4,135)	-	(4,135)
Reclassification	(275,803)	50,450	225,353	-
Transferred from / (to) property, plant and equipment	(35,000)	(22,735)	1,119	(56,616)
Capitalized during the year (refer note (ii) below)	-	1,029,075	(1,029,075)	-
Net valuation (loss) / gain on investment property (refer note (i) below)	(6,600)	833,282	14,906	841,588
Effect of foreign exchange movements	(3,781)	(81,371)	(43,647)	(128,799)
At 31 December 2013	**609,583**	**25,793,353**	**1,620,710**	**28,023,646**

(i) For the year ended 31 December 2013, a net valuation gain of AED 842 million (2012: AED 343 million) is included in profit or loss. Accordingly the following fair value gains / (losses) were recognized in profit or loss:

	2013 AED'000	2012 AED'000
Net gain / (loss) on valuation of property, plant and equipment (refer note 12(i))	**127,573**	205,596
Net gain / (loss) on valuation of investment property	**841,588**	343,046
Total valuation gain / (loss) - net	**969,161**	548,642

(ii) In the current year MAFP Group completed the construction of a shopping mall in UAE amounting to AED 1,029.1 million (2012: AED 362.5 million), which was reclassified from capital work in progress to land and buildings.

13. Investment property (continued)

(iii) In the previous year a subsidiary of MAFP Group transferred a portion of a land amounting to AED 62.8 million from investment property to development property as the subsidiary had begun construction of residential apartments for sale in the ordinary course of business. Also refer note 14.

(iv) Certain properties of MAFP Group are mortgaged against bank borrowings. Certain term loans are secured by way of assignment of lease rentals. Also refer note 22.1.

(v) Certain land is held in the personal name of a majority shareholder of the ultimate holding entity of MAFP Group.

(vi) Accrued lease income at 31 December 2013, relating to the accounting for operating lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2013	2012
	AED'000	AED'000
Fair value of land and buildings	**25,991,420**	23,857,761
Less: adjustment for accrued operating lease income	**(198,067)**	(198,272)
Net adjusted fair value	**25,793,353**	23,659,489

(vii) Rental income derived from investment property during the current year was AED 2,609.2 million (2012: AED 1,061.9 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 622.2 million (2012: AED 327.5 million).

(viii) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for investment property of AED 27,414 million has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(b) Significant unobservable inputs

The following table shows the significant unobservable inputs used.

Significant unobservable inputs for shopping malls	**Significant unobservable inputs for offices**
• Internal rate of return: 11% - 21% • Income return: 8% - 14 % • Average occupancy: 99%	• Internal rate of return: 9% • Income return: 9 % • Average occupancy: 96%

Inter-relationship between key unobservable inputs and fair value measurement

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

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

14. Development property

	2013 AED'000	2012 AED'000
As at 1 January	**66,336**	-
Transfer from investment property (refer note 13 (iii))	-	62,785
Additions during the year	**9,769**	3,551
Carrying amount	**76,105**	66,336

15. Investment in joint ventures and associate

	2013 AED'000	2012 AED'000
Investment in joint ventures (refer note 15.1)	**916,767**	924,369
Investment in associate (refer note 15.2)	**176,240**	193,511
At 31 December	**1,093,007**	1,117,880
Share of profit / (loss) - net:		
From joint ventures (refer note 15.1)	**24,295**	(7,964)
From associate (refer note 15.2)	**(16,035)**	(42,408)
	8,260	(50,372)

15.1 Investment in joint ventures

Movement during the year is as follows:

	2013 AED'000	2012 AED'000
At 1 January	**924,369**	852,991
Reclassification to long term receivable	**(21,258)**	-
Additions during the year	-	83,000
Share of post acquisition profit / (loss) accounted through profit or loss - net	**24,295**	(7,964)
Foreign currency translation differences from foreign operations	**(10,639)**	(3,658)
At 31 December	**916,767**	924,369

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

15. Investment in joint ventures and associate (continued)

15.1 Investment in joint ventures (continued)

(ii) Summarised financial information in respect of MAFP Group's interest in joint ventures is set out below:

	2013 AED'000	2012 AED'000
Total assets	**5,437,045**	4,625,872
Total liabilities	**(3,603,511)**	(2,777,135)
Net assets	**1,833,534**	1,848,737
Group's share of joint venture's net assets (net of impairment)	**916,767**	924,369
Profit / (loss) for the year earned by joint ventures	**48,590**	(15,928)
MAFP Group's share of joint ventures' profit / (loss) for the year	**24,295**	(7,964)

15.2 Investment in an associate

	2013 AED'000	2012 AED'000
At 1 January	**193,511**	208,919
Share of post acquisition loss accounted through profit or loss	**(16,035)**	(42,408)
Impairment reversal (refer note 11)	**-**	27,000
Foreign currency translation differences from foreign operations	**(1,236)**	-
At 31 December	**176,240**	193,511

Summarised financial information in respect of MAFP Group's interest in the associate is set out below:

	2013 AED'000	2012 AED'000
Total assets	**3,732,609**	3,828,152
Total liabilities	**(3,112,917)**	(3,147,734)
Net assets	**619,692**	680,418
MAFP Group's share of associate's net assets	**176,240**	193,511
Loss for the year incurred by the associate	**(56,382)**	(117,972)
MAFP Group's share of associates loss for the year	**(16,035)**	(42,408)

16. Intangible asset

During 2008, the Company entered into an agreement with a Government entity in Dubai to acquire naming rights for two stations of Dubai Metro for a 10 year period. As per the agreement, a payment schedule is agreed over the life of the contract. In 2009, upon the Metro becoming operational, management recorded the present value of the total future payments to be made as an intangible asset. The asset is being amortised over the contract period of 10 years.

The intangible asset is measured by discounting the estimated cash flows using the incremental borrowing cost of MAFP Group at 4.5%.

16. Intangible asset (continued)

Intangible asset - cost	**2013 AED'000**	2012 AED'000
At 1 January	**198,743**	198,743
At 31 December	**198,743**	198,743
Amortisation		
At 1 January	**(66,355)**	(46,562)
Amortisation for the year (refer note 8)	**(19,785)**	(19,793)
At 31 December	**(86,140)**	(66,355)
Carrying amounts	**112,603**	132,388

17. Receivables and prepayments

	2013 AED'000	2012 AED'000
Trade receivables	**210,451**	151,534
Accrued income on operating leases	**197,976**	199,481
Advances	**388,967**	60,722
Prepayments	**86,600**	56,774
Other receivables	**12,239**	45,902
At 31 December	**896,233**	514,413

18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the ultimate parent company, Majid Al Futtaim Capital LLC, its subsidiaries, associates, joint ventures, key management personnel and / or their close family members. Transactions with related parties are carried at agreed terms.

(i) In the current year, MAFP Group earned interest income of AED Nil (2012: AED 0.3 million) on related party balances and loans receivables.

(ii) Interest expenses on loans from related parties amounted to AED 162.3 million (2012: AED 50.8 million).

(iii) In the previous year, management decided to buy out the leases of certain units owned by Mr. Tariq Al Futtaim, a related party, for a consideration of AED 8 million in order to replace them with better performing tenants.

(iv) **Discontinued operations**

In the previous year, the Company sold its investment and operations in MAF Investment Syria LLC, a subsidiary incorporated in Syria and MAF Syria for Investment and Development LLC, a subsidiary incorporated in the UAE, respectively, to Majid Al Futtaim Capital LLC ("MAFC"), the Ultimate Holding Company. Total consideration amounted to AED 346.9 million which represented MAFP Group's share of net assets in MAF Investment Syria LLC and MAF Syria for Investment and Development LLC as at 31 July 2012. The consideration due from MAFC was novated by MAFC to MAFH and settled by way of dividend declaration by the Company to MAFH.

18. Related party transactions (continued)

(iv) Discontinued operations (continued)

The following summarises the assets and liabilities transferred:

	MAF Investment Syria LLC AED '000	MAF Syria for Investment and Development LLC AED '000	Total AED '000
Property, plant and equipment (refer note 12)	510	276,319	276,829
Investment property (refer note 13)	47,489	-	47,489
Other receivables	-	276	276
Due from a related party	-	251	251
Cash and cash equivalents	2,496	22,080	24,576
Other payables	(32)	(2,248)	(2,280)
Due to a related party	(251)	-	(251)
	50,212	296,678	346,890

Combined results of discontinued operations are summarized below:

	For 7 months period ended 31 July 2012 In AED 000s
Operating expenses	(2,605)
Tax credit / (charge)	5,644
Results from operating activities net of tax	3,039
Recycling of currency translation reserve on disposal of subsidiaries	(120,281)
	(117,242)

The cash flows from the discontinued operation are not significant to these consolidated financial statements and have therefore not been disclosed.

(v) In the previous year, a subsidiary of the Company novated a bank loan to the parent company. However, the Company continued to use the facility. Accordingly, this loan was disclosed under related party loans (refer notes 22.1(f) & 22.2).

(vi) MAFP Group has provided corporate guarantees of AED 6,895.6 million (2012: AED 3,786.7 million) to various banks in respect of loans obtained by MAFH. Furthermore, MAFP Group acts as a co-guarantor under certain borrowing programs established by MAFH, which are not yet fully drawn down by MAFH. Also refer note 28.

(vii) Services provided to / by MAFP Group by / to related parties

Services provided to MAFP Group by related parties	**2013 AED'000**	2012 AED'000
Internal audit, IT, legal services and corporate communication	**(7,367)**	(8,191)
Facility management services	**(60,422)**	(51,683)
	(67,789)	(59,874)
Services provided by MAFP Group to related parties		
Provision of retail and office space	**229,453**	199,146
Corporate and administrative services (refer note 10)	**24,582**	12,063
	254,035	211,209

18. Related party transactions (continued)

(viii) In the previous year MAFP Group had novated derivative instruments with a negative fair value of AED 188.4 million to MAFH. MAFH waived its contractual obligation of recovering the liability from MAFP Group and accordingly this liability was classified as increase in shareholder contribution (refer note 25.2.3). The related hedging reserve on the date of novation was recognized in profit or loss. Also refer notes 9.2 and 25.5.

(ix) In the current year the Company declared a coupon of AED 220 million (2012: AED 220 million), at the rate of 8% per annum on the amount outstanding towards the subordinated capital loan instrument subscribed by MAFH for a one year period from 06 October 2012 to 05 October 2013.

Furthermore the Company declared a dividend of AED 60 million (2012: AED 386.9 million) of which AED 40 million was settled in cash (refer note 22.2). Dividend declared in the previous year was settled against the balance due from Majid Al Futtaim Holding LLC.

18.1 Related party balances

Balances with related parties at 31 December are as follows:

Due from related parties	**2013**	2012
	AED'000	AED'000
The Egypt Emirates Malls Group JSC	**32,258**	35,130
Majid Al Futtaim Leisure and Entertainment LLC	**32,167**	25,484
Waterfront City SARL	**27,927**	24,707
Yenkit Tourism Development LLC	**15,066**	15,066
Sharjah Holding LLC	**9,944**	-
Al Mamzar Islands Development LLC	**6,686**	6,686
Aya Real Estate Investment BSC	**4,326**	2,983
Arzanah Mall LLC	**3,171**	3,171
Majid Al Futtaim Retail LLC	**-**	396
Majid Al Futtaim Trust LLC	**830**	175
Majid Al Futtaim Finance LLC	**101**	67
Majid Al Futtaim Dalkia Middle East LLC	**196**	-
Majid Al Futtaim Charity Foundation LLC	**23**	13
Other related parties	**1,157**	2,075
	133,852	115,953
Less: Provision for doubtful receivables	**(50,216)**	(50,216)
	83,636	65,737

Due to related parties	**2013**	2012
	AED'000	AED'000
Majid Al Futtaim Retail LLC	**13,789**	-
Majid Al Futtaim Holding LLC	**44,885**	40,183
Majid Al Futtaim Ventures LLC	**9,450**	13,265
Majid Al Futtaim Capital LLC	**6,645**	-
Other related parties	**2,673**	970
Majid Al Futtaim Dalkia Middle East LLC	**-**	3,504
	77,442	57,922

18. Related party transactions (continued)

18.2 Long term receivables

	2013 AED'000	2012 AED'000
Receivable from related parties (refer note (i) below)	**82,162**	-
Less: discounting of receivable (refer note 9)	**(26,044)**	-
	56,118	-
Receivable from a minority shareholder (refer note (ii) below)	**14,781**	12,173
	70,899	12,173

(i) As at 31 December 2013, the long-term receivable is measured at fair value, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value is recognized within profit or loss. This long term receivable is classified as level 3 in the fair value hierarchy.

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

18.3 Compensation to key management personnel

The aggregate compensation to key management personnel is disclosed as follows:

	2013 AED'000	2012 AED'000
Short term employee benefits (salaries and allowances including provision for bonus)	**32,635**	28,315
Provision for staff terminal benefits	**1,160**	1,040
	33,795	29,355

19. Cash in hand and at bank

	2013 AED'000	2012 AED'000
Cash in hand	**3,595**	2,733
Fixed deposits	**43,394**	196,628
Call deposits and current accounts	**362,352**	402,393
Cash in hand and at bank	**409,341**	601,754

Fixed deposits comprises of term deposits amounting to AED 17.8 million (2012: AED 117.3 million) with a maturity date of more than ninety days and are obtained at prevailing market interest rates.

20. Payables and accruals

	2013 AED'000	2012 AED'000
Trade payables	**71,627**	87,649
Accruals	**484,476**	530,852
Current portion of a long term liability (refer note 23(ii))	**26,448**	24,489
Unearned rental income	**522,824**	522,207
Retention from contractor payments	**94,632**	98,183
Tenant related deposits and advances	**636,260**	516,133
Tax payable	**40,907**	1,924
Others	**34,437**	32,080
	1,911,611	1,813,517

21. Provisions

	At 1 January 2013 AED'000	Charge / transfers AED'000	Transfers / payments / write backs AED'000	**At 31 December 2013 AED'000**
Provision for bonus	58,935	63,235	(55,202)	**66,968**
Long-term portion	(10,539)	-	4,606	**(5,933)**
Current portion of bonus provision	48,396	63,235	(50,596)	**61,035**
Other provisions	52,472	-	(507)	**51,965**
	100,868	63,235	(51,103)	**113,000**

Long-term portion of bonus provision represent the deferred bonus plan for senior management staff, shown under non-current liabilities.

21.1 Provision for staff terminal benefits

	2013 AED'000	2012 AED'000
At 1 January	**51,443**	40,923
Charge during the year	**15,654**	18,922
Payments / transfers	**(8,338)**	(8,402)
At 31 December	**58,759**	51,443

22. Loans and borrowings

	2013 AED'000	2012 AED'000
Long-term portion of external loans (refer note 22.1)	**2,726,138**	3,106,087
At 31 December	**2,726,138**	3,106,087

	2013 AED'000	2012 AED'000
Bank overdraft	**32,661**	-
Current portion of external loans (refer note 22.1)	**343,224**	342,369
Current portion of related party loans (refer note 22.2)	**4,042,107**	3,655,113
At 31 December	**4,417,992**	3,997,482

22. Loans and borrowings (continued)

22.1 Loans and borrowings – external

	2013 AED'000	2012 AED'000
At 1 January	**3,448,456**	6,573,216
Loans transferred to a related party (refer notes 22.2 and 18(v))	**-**	(1,838,893)
Borrowed during the year	**769,713**	2,323,590
Repaid during the year	**(1,148,807)**	(3,609,457)
At 31 December	**3,069,362**	3,448,456
Current maturity of long term loans	**(343,224)**	(342,369)
Long-term portion at 31 December	**2,726,138**	3,106,087

The details of long term loans are set out below:

Loan facility In thousands	Loan amount at 31 December 2013 AED '000	Loan amount at 31 December 2012 AED '000	Repayment Interval	Repayment Commencement	Original Maturity date
USD 200,000 (AED 734,473)	-	734,473	Half-yearly	30-Apr-13	31-Oct-15
USD 290,000 (AED 1,065,170)	**710,507**	532,585	Half-yearly (refer note (b))	31-May-13	30-Nov-2016
USD 33,000 (AED 121,176)	-	26,469	Half-yearly	08-Mar-10	08-Sep-13
EGP 146,400 (AED 91,075)	**11,058**	35,824	Half-yearly	26-Jun-11	26-Jun-14
EGP 3,000,000 (AED 1,590,600)	**54,294**	-	Unequal installments every year (refer note (h))	2017	April 2026
AED 225,000	**216,563**	195,000	Half-yearly (refer note (c))	01-Oct-12	29-Mar-21
USD 55,000 (AED 201,960) and LBP 180,000,000 (AED 441,000)	**607,740**	454,905	Annual (refer note (a))	30-Jul-15	30-Jan-22
USD 400,000 (AED 1,469,200)	**1,469,200**	1,469,200	Bullet payment (refer note (d))	NA	07-Feb-17
	3,069,362	3,448,456			

These loans are obtained at margins ranging from 1% to 3.5% (2012: 1% to 3.5%) over the base lending rate, whilst Sukuk is fixed at 5.85%. For loans obtained in the UAE, the base lending rate used is EIBOR / LIBOR. For loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

The amount of AED 343.2 million (2012: AED 342.4 million) payable within the next 12 months is shown under current maturity of long term loans.

a) The loan facilities of LBP 180 billion (AED 441 million) and USD 55 million (AED 202 million) were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which the shopping mall is constructed, assignment of lease rentals of the shopping mall and a corporate guarantee provided by MAFH.

b) In 2012, MAFP Group obtained a revolving loan facility of USD 290 million (AED 1,065 million) which is secured by way of a corporate guarantee provided by MAFH.

22. Loans and borrowings (continued)

22.1 Loans and borrowings – external (continued)

c) During 2011, a loan facility of AED 225 million was obtained by a subsidiary in UAE. The facility is secured by way of a first degree mortgage over land and building of a shopping mall in UAE, assignment of insurance policies of the property and lease rentals of the shopping mall, and a corporate guarantee provided by MAFH.

d) In February 2012, MAFP Group issued Sukuk certificates under its USD 1 billion Sukuk program, raising USD 400 million (AED 1,469 million).

   The Sukuk program is structured as a "Wakala". The 5 year senior unsecured bonds issued under this program are listed on the London Stock Exchange. Furthermore, in July 2013, it was listed on NASDAQ and Irish Stock Exchange. The terms of the arrangement include transfer of legal ownership of certain identified assets (the "Wakala assets") of the Company to a Special Purpose Vehicle, MAF Sukuk Ltd. (the "Issuer"), formed for the issuance of bonds. In substance, the Wakala assets remain in control of the Company and shall continue to be serviced by the Company. In case of any shortfall in cash flows, the Company and its Holding Company (Majid Al Futtaim Holding LLC), as joint guarantors, have provided an undertaking to make good on such shortfall to the bond holders. The bond holders have no recourse to the assets. The Sukuk certificates mature during February 2017.

   These bonds bear a fixed profit rate payable to the investors at the rate of 5.85% per annum on a semi-annual basis. The Issuer will service the profit from returns generated from the Wakala assets.

e) In the previous year, MAFP Group had prepaid an amount of AED 875 million with respect to an Ijara loan facility and released the corresponding security which included assignment of lease rentals of a shopping mall in UAE and a corporate guarantee provided by the MAFP Group. Furthermore, in the previous year MAFP Group had prepaid an amount of AED 888 million with respect to a syndicated financing facility and released the corresponding mortgage on a mall in Bahrain held as security against the loan.

f) On 30 December 2012, MAFP Group had novated all of its rights and obligations under the facilities agreement in relation to a USD 600 million (AED 1.8 billion) term loan, with a bank, to MAFH, and had converted external facilities to related party funding. Accordingly the mortgage on the shopping mall in the UAE held as security against the loan was released. However, the Company continued to use these facilities under an inter-company funding agreement signed with MAFH. Accordingly, the loan was disclosed as related party loan (refer notes 18(v) and 22.2).

g) The carrying value of properties mortgaged against the above loans aggregates to AED 1,274.5 million at 31 December 2013 (2012: AED 1,196.6 million).

h) In the current year, a loan facility of EGP 3 billion was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall.

22. Loans and borrowings (continued)

22.2 Loans and borrowings - related parties

	2013 AED'000	2012 AED'000
At 1 January	**3,655,113**	1,043,263
External loans novated to a related party (refer notes 18(v) & 22.1(f))	**-**	1,838,893
Borrowed during the year	**1,183,760**	2,147,221
Dividend and coupon payable to MAFH adjusted against long term loan (refer notes 18(ix) and 25.2.2)	**240,000**	-
Repaid during the year	**(1,036,766)**	(1,374,264)
At 31 December	**4,042,107**	3,655,113
Current maturity of long term loans	**(4,042,107)**	(3,655,113)
Long-term portion	**-**	-

In 2011, multiple loan facilities provided by MAFH were combined into a single loan facility amounting to AED 3,500 million under a loan agreement automatically renewable for three consecutive years. On 1 July 2012 the loan agreement between MAFH and the Company was amended to increase the facility amount from AED 3,500 million to AED 5,000 million.

The loan is obtained at a margin of 3.22% over EIBOR with true up of actual interest expense quarterly, based on underlying facilities obtained externally by MAFH.

23. Other long term liabilities

	2013 AED'000	2012 AED'000
Deferred liability (refer note (i))	**6,176**	6,315
Other liability (refer note (ii))	**54,173**	76,203
	60,349	82,518

(i) This represents the amount payable in relation to the termination of a contract with a hotel operator in the UAE.

(ii) The balance represents the net present value of the liability to a Government entity for the Metro naming rights, which has been booked as follows. Also refer note 16.

	2013 AED'000	2012 AED'000
At 1 January	**100,692**	118,356
Interest accrued during the year	**4,418**	5,011
Less: payment made during the year	**(24,489)**	(22,675)
At 31 December	**80,621**	100,692
Current maturity (refer note 20)	**(26,448)**	(24,489)
Long term portion	**54,173**	76,203

24. Taxes

24.1 Income tax

MAFP Group is subject to income tax due to its operations in Oman, Egypt and Lebanon.

Tax (expense) / credit recognized in profit or loss

	2013 AED'000	2012 AED'000
Current tax expense		
- Current year	**(20,883)**	(19,656)
- Adjustment for prior years	**606**	(10,274)
	(20,277)	(29,930)
Deferred tax credit / (expense)		
- Origination and reversal of temporary differences	**1,133**	1,297
- Change in recognized deductible temporary differences	**6,297**	(26,227)
	7,430	(24,930)
Tax expense from continuing operations	**(12,847)**	(54,860)

MAFP Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Reconciliation of effective tax rate

		2013 AED'000		2012 AED'000
Profit before tax from continuing operations		**2,502,770**		1,282,229
Income tax using the Company's domestic tax rate	**0.00%**	**-**	0.00%	-
Effect of tax rates in foreign jurisdictions	**0.76%**	**(19,000)**	1.27%	(16,290)
Non-deductible expenses	**0.08%**	**(1,883)**	0.26%	(3,366)
Change in recognized deductible temporary differences	**-0.30%**	**7,430**	1.94%	(24,930)
Change in estimates related to prior years	**-0.02%**	**606**	0.80%	(10,274)
	0.51%	**(12,847)**	4.28%	(54,860)

24.2 Deferred tax liabilities

	2013 AED'000	2012 AED'000
At 1 January	**115,998**	101,085
Charged / (credited) to profit or loss	**(7,118)**	26,206
Reversed during the year	**821**	(6,650)
Foreign currency translation difference from foreign operations	**(14,862)**	(4,643)
At 31 December	**94,839**	115,998

Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains/losses on properties in Egypt and Lebanon. The tax rates in these countries are 25% and 10% respectively. The corresponding valuation gain or loss has been recognised in profit or loss. Accordingly, the resulting net deferred tax expense / (credit) has been recognized in profit or loss.

For the year ended 31 December 2013, in respect of change in valuation of investment properties, a deferred tax credit of AED 11.3 million (2012: AED 9.9 million) is included in profit and loss on account of the deductible temporary differences of AED 106.8 million (2012: AED 66.7 million) and a deferred tax expense of AED 4.2 million (2012: AED 36.1 million) is included in profit and loss on account of the taxable temporary difference of AED 16.7 million (2012: AED 144.8 million).

24. Taxes (continued)

24.3 Deferred tax asset

	2013 AED'000	2012 AED'000
At 1 January	**3,276**	2,146
Credited to profit or loss	**1,133**	1,297
Foreign currency translation difference from foreign operations	**(267)**	(167)
At 31 December	**4,142**	3,276

25. Share capital and reserves

25.1 Share capital

	2013 AED'000	2012 AED'000
Authorised, issued and fully paid:		
3,500,000 shares of AED 1,000 each	**3,500,000**	3,500,000
At 31 December	**3,500,000**	3,500,000

25.2 Shareholder contribution

	2013 AED'000	2012 AED'000
Subordinated capital loan instruments (refer note 25.2.1)	**2,750,000**	2,750,000
Contribution from MAFH (refer note 25.2.3)	**188,430**	188,430
At 31 December	**2,938,430**	2,938,430

25.2.1 Subordinated capital loan instrument

In 2009, the Company issued subordinated capital loan instruments of AED 2,500 million in five loan instruments of AED 500 million each. During 2010, an additional loan instrument of AED 250 million was issued by the Company. These instruments are collectively referred to as "the hybrid instruments" and are fully subscribed to by MAFH as per the terms of a Master Capital Loan Agreement and a separate Capital Loan Agreement for each loan, dated 5 October 2009. The hybrid instruments carry a coupon payment, payable semi-annually, at a fixed rate of 8% per annum up to 7 October 2019 and at a floating rate of EIBOR + 5% thereafter.

The hybrid instrument has a first par call date on 7 October 2019, at the election of the Company, without any obligation. The hybrid instrument does not have a final maturity date. The coupon is non-cumulative in nature and can be deferred indefinitely at the Company's discretion without constituting a default. In case of the parent company ceasing control of the Company, the prevailing coupon rate on the hybrid instruments will be permanently increased by 5% and such coupons will become cumulative.

Based on the terms of the hybrid instruments, these were accounted for as equity instruments. The hybrid instruments were subscribed to through a debt to equity swap transaction.

25.2.2 Coupons

In the current and previous year the Company declared a coupon of AED 220 million on these instruments. The coupon was calculated at the rate of 8% per annum on the amount outstanding for the 12 month period from 6 October 2012 to 5 October 2013 and 6 October 2011 to 5 October 2012 respectively. In the previous year the full amount of the coupon was settled in cash. In the current year the coupon was adjusted against long term loan payable to MAFH (refer note 22.2).

25. Share capital and reserves (continued)

25.2 Shareholder contribution (continued)

25.2.3 Contribution from MAFH

In the previous year MAFP Group had novated derivative instruments with a negative fair value of AED 188.4 million to MAFH. MAFH waived its contractual obligation of recovering the liability from MAFP Group and accordingly this balance was classified within shareholder contribution. Also refer notes 9.2, 18(viii) and 25.5.

25.3 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment, including the accumulated revaluation reserve in respect of any properties that were reclassified as investment property.

25.4 Statutory reserve

In accordance with the Articles of Association of companies in MAFP Group and relevant local laws, 10% of the net profit for the year of the individual companies, to which the law is applicable, is transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals the limit prescribed by the relevant laws applicable to individual entities. This reserve can be utilised only in the manner specified under the relevant laws and is not available for distribution. During the year, AED 162.4 million (2012: AED 51.2 million) has been transferred to this reserve.

25.5 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedges related to hedged transactions that have not yet occurred. In the previous year, the remaining balance of hedging reserve of AED 188.4 million in respect of derivative instruments that were novated to MAFH was transferred to profit or loss. Refer notes 9.2, 18(viii) and 25.2.3.

25.6 Currency translation reserve

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

The accumulated foreign currency translation differences in respect of the subsidiaries disposed in the previous year amounting to AED 120.3 million was previously recognized in the other comprehensive income and presented in the currency translation reserve in equity. On disposal, these currency translation differences were included in profit or loss in the previous year. Also refer note 18(iv).

26. Financial instruments

Financial assets of MAFP Group include cash at bank and in hand, receivables and amounts due from related parties. Financial liabilities of MAFP Group include amounts due to related parties, short term loans, long term loans, bank overdrafts, payables and provisions. Accounting policies for financial assets and liabilities are set out in note 4.

26.1 Financial risk management objectives and policies

The Company's Board of Directors have the overall responsibility for the management of risk throughout its Group companies. The Board establishes and regularly reviews the Company's risk management strategy and policy and procedures to ensure that they are in line with MAFH strategies and objectives. It has constituted an Audit Committee within the Board of the Company which is required to review and assess the risk management process. It ensures that internal risk management framework is effective and that a sound system of risk management is in place to safeguard shareholder's interests. All MAFP Group's entities are required to report on risk management on a regular basis including self-certification indicating that they have reviewed the risks identified within their area, and they are satisfied that the controls are operating effectively.

The main risks arising from MAFP Group's financial instruments are credit risk, liquidity risk and market risk, including foreign currency risk and interest rate risk.

Liquidity risk, market risk (including foreign currency risk and interest rate risk) and credit risk related to financial counter parties (banks) are managed by the centralised treasury function of MAFH on behalf of the Company.

The exposure to credit risk related to financial counter parties is monitored by MAFP Group on an on-going basis (refer note 26.2).

26.2 Credit risk

Credit risk is the risk of financial loss to MAFP Group if the counter-party fails to meet its contractual obligations and arises principally from MAFP Group's receivables.

The entities in MAFP Group have credit policies in place and the exposure to credit risk is monitored on an on-going basis. A majority of MAFP Group's income is by way of cash and advance receipts and is supported by a deposit equivalent to one month's advance rental. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no concentration of credit risk. Cash is placed with reputable banks and the risk of default is considered remote. Under the current economic conditions, management has assessed the recoverability of its trade receivables as at the reporting date and consider them to be recoverable. Due from related parties (net of provisions) are considered recoverable by management.

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

	2013	2012
	AED'000	AED'000
Trade receivables	**210,451**	151,534
Other receivables	**210,215**	248,659
Cash at bank	**405,746**	599,021
Long term receivables	**70,899**	12,173
Due from related parties	**83,636**	65,737
At 31 December	**980,947**	1,077,124

26. Financial instruments (continued)

26.3 Liquidity risk

Liquidity risk is the risk that MAFP Group will not be able to meet its financial obligations as they fall due. MAFP Group's approach to managing liquidity is to ensure, in so far as it is reasonably possible, that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to MAFP Group's reputation. MAFP Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and credit facilities.

At 31 December 2013

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	**1,534,810**	**(1,971,842)**	**(82,368)**	**(84,026)**	**(217,790)**	**(979,837)**	**(607,821)**
Unsecured loans and borrowings	**1,534,552**	**(1,907,335)**	**(57,910)**	**(46,164)**	**(92,463)**	**(1,710,798)**	**-**
Related party loans	**4,042,107**	**(4,232,190)**	**(94,070)**	**(4,138,120)**	**-**	**-**	**-**
Bank overdraft	**32,661**	**(36,161)**	**(1,750)**	**(34,411)**	**-**	**-**	**-**
Payables and accruals	**879,844**	**(872,364)**	**(405,336)**	**(405,336)**	**(28,564)**	**(33,129)**	**-**
Due to related parties	**77,442**	**(77,442)**	**-**	**(77,442)**	**-**	**-**	**-**
Total	**8,101,416**	**(9,097,334)**	**(641,434)**	**(4,785,499)**	**(338,817)**	**(2,723,764)**	**(607,821)**

At 31 December 2012

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	1,182,490	(1,656,542)	(57,841)	(65,997)	(141,221)	(873,371)	(518,112)
Unsecured loans and borrowings	2,265,966	(2,661,957)	(186,806)	(191,371)	(332,236)	(1,951,544)	-
Related party loans	3,655,113	(3,795,469)	(69,620)	(3,725,849)	-	-	-
Payables and accruals	916,630	(928,569)	(420,214)	(420,214)	(26,448)	(50,898)	(10,795)
Due to related parties	57,922	(57,922)	-	(57,922)	-	-	-
Total	8,078,121	(9,100,459)	(734,481)	(4,461,353)	(499,905)	(2,875,813)	(528,907)

26.3.1 Funding and liquidity

At 31 December 2013, MAFP Group has net current liabilities of AED 5,033.2 million (2012: AED 4,693.7 million) which includes loans and borrowings maturing in the short-term of AED 4,417.9 million (2012: AED 3,997.5 million). Furthermore, at 31 December 2013 debts maturing in the long term are AED 2,726.1 million (2012: AED 3,106.1 million). Also, from January 2014 to 31 December 2014, MAFP Group expects to incur interest costs of AED 507 million and capital expenditure of AED 4,884 million of which AED 1,658 million is committed for the next twelve months.

To meet the above commitments MAFP Group has existing undrawn facilities of AED 6,078 million obtained from banks and MAFH, cash in hand and at bank at 31 December 2013 of AED 409.3 million and it expects to generate net cash from operations of about AED 2,230 million in the subsequent twelve months ending 31 December 2014. At 31 December 2013, MAFP Group is in compliance with all covenants under its borrowing facilities.

On the basis of the above, management has concluded that MAFP Group will be able to meet its financial commitments in the foreseeable future.

26. Financial instruments (continued)

26.4 Market risk

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

26.4.1 Foreign currency risk

A significant portion of MAFP Group's foreign currency borrowings and balances are denominated in US Dollar ("USD") and other currencies linked to USD. MAFP Group is exposed to foreign currency risk on loans that are denominated in a currency other than the respective functional currencies of MAFP Group's entities, primarily US Dollar with respect to MAFP Group's operations in Egypt.

Exposure to currency risk:

	2013		2012	
	AED '000	**USD '000**	AED '000	USD '000
Bank borrowings	**-**	**-**	26,469	7,206

The following significant exchange rates were applied during the year:

	Average rate		**Repoting date spot rate**	
	2013	2012	**2013**	2012
EGP 1 conversion to 1 USD	**NA**	0.1642	**NA**	0.1572

Sensitivity analysis:

A 10% strengthening / (weakening) of USD, as indicated below, against EGP at 31 December would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that MAFP Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted transactions. The analysis is performed on the same basis for 2012, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

AED in '000	**Strengthening**		**Weakening**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2013				
USD (10% movement)	-	-	-	-
31 December 2012				
USD (10% movement)	2,647	2,647	(2,647)	(2,647)

26.4.2 Interest rate risk

As mentioned in note 26.1, interest rate risk is managed by MAFH on behalf of the Company within the framework of the interest rate risk management policy. MAF Holding adopts a policy of maintaining a target duration on its liability portfolio of about four years with a deviation of plus / minus one year. This is achieved through cash and / or by using IAS 39 compliant derivative financial instruments.

26. Financial instruments (continued)

26.4 Market risk (continued)

26.4.2 Interest rate risk (continued)

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

	2013 AED'000	2012 AED'000
Variable rate instruments		
Financial liabilities	**(5,674,930)**	(5,634,369)
At 31 December	**(5,674,930)**	(5,634,369)
Fixed rate instruments		
Financial assets	**43,394**	196,628
Financial liabilities (loans)	**(1,469,200)**	(1,469,200)
At 31 December	**(1,425,806)**	(1,272,572)

The contractual maturities of the financial liabilities are disclosed in note 26.3.

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity of MAFP Group's profit before tax and MAFP Group's equity to a reasonably possible change in interest rates, assuming all other variables in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2012.

Sensitivity analysis for variable rate instruments

	Increase / (decrease) in	Effect on profit or loss		Effect on other comprehensive income	
AED'000	basis points	2013	2012	2013	2012
Variable rate instrument	+ 100	(51,074)	(50,709)	-	-
Cash flow sensitivity (net)		(51,074)	(50,709)	-	-
Variable rate instrument	- 100	51,074	50,709	-	-
Cash flow sensitivity (net)		51,074	50,709	-	-

26.5 Fair values

The fair value of MAFP Group's financial instruments approximates their carrying amounts.

26.6 Capital management

The primary objective of MAFP Group's capital management is to ensure that it maintains healthy capital and liquidity ratios in order to support its operations and future developments.

The following ratios are used to monitor the business performance:
(i) Net debt to equity ratio
(ii) Interest coverage ratio
(iii) Debt service coverage ratio

26. Financial instruments (continued)

26.6 Capital management (continued)

These ratios are monitored in accordance with MAFH's capital management policy.

	2013 AED'000	2012 AED'000
Loans and borrowings	**7,144,130**	7,103,569
Total debt	**7,144,130**	7,103,569
Share capital	**3,500,000**	3,500,000
Shareholder contribution	**2,938,430**	2,938,430
Revaluation reserve	**13,447,913**	13,095,312
Other reserves	**4,912,100**	2,812,487
Total equity attributable to owners of the Company	**24,798,443**	22,346,229
Gearing ratio	**29%**	32%

MAFP Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratios. Apart from these requirements neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

27. Capital commitments

	2013 AED'000	2012 AED'000
Capital commitments of MAFP Group	**2,326,755**	1,763,014
MAFP Group's share of capital commitments in relation to its equity accounted investees.	**661,031**	474,870
	2,987,786	2,237,884

28. Contingent liabilities

MAFP Group is contingently liable in respect of corporate guarantees of AED 6,895.6 million (2012: AED 3,786.7 million) to various banks (also refer note 18(vi)). Furthermore, MAFP Group has provided other operational guarantees of AED 4.4 million (2012: AED 5.0 million).

29. Subsequent events

There have been no significant events subsequent to 31 December 2013 up to the date of authorisation of financial statements on 5 March 2014, which would have a material effect on these consolidated financial statements.

30. Operating leases

Leases as lessor

MAFP Group leases out its properties under operating leases. Minimum lease payments under non-cancellable operating leases are as follows:

30. Operating leases (continued)

Leases as lessor (continued)

	2013	2012
	AED'000	AED'000
Less than one year	**1,814,311**	1,878,162
Between one and five years	**3,494,235**	4,464,721
More than five years	**1,165,628**	1,177,405
Total	**6,474,174**	7,520,288

In the previous year's consolidated financial statements the minimum lease payments disclosed, amounted to AED 8,814 million. This has been restated to AED 7,520 million in the current year.

Leases as lessee

Minimum lease payments under non-cancellable operating leases are as follows:

	2013	2012
	AED'000	AED'000
Less than one year	**5,845**	11,183
Between one and five years	**23,381**	42,806
More than five years	**40,040**	84,612
Total	**69,266**	138,601

Above lease rentals represent MAFP Group commitments for staff accommodation. In addition to this MAFP Group also enters into operating leases, which typically run for a period of one year with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

31. List of joint ventures

The consolidated financial statements include MAFP Group's share of the results of the following joint venture companies:

Joint ventures	Country of incorporation / origin	Ownership %
Active joint ventures		
Sharjah Holding Company JSC	UAE	50%
Al Mamzar Islands Developments LLC	UAE	50%
The Wave Muscat S.A.O.C	Oman	50%
Waterfront City SARL	Lebanon	50%
The Egypt Emirates Malls Group S.A.E	Egypt	50%
Dormant joint ventures		
Aya Real Estate Investment BSC	Bahrain	50%
Arzanah Mall LLC	UAE	50%
Yenkit Tourism Development LLC	Oman	60%
Bab Al Madina for Development and Management of Business Centers Company LLC	Libya	50%
City Centre Essa Town Co WLL	Bahrain	50%

32. List of Subsidiaries

The consolidated financial statements include the results of the following subsidiaries:

Subsidiaries	Country of incorporation / origin	Ownership %
Active subsidiaries		
Majid Al Futtaim Investments Mirdif LLC	UAE	100%
MAM Investments LLC	UAE	100%
Majid Al Futtaim Properties Lebanon LLC	UAE	100%
Fujairah City Centre Investment Company LLC	UAE	62.5%
Majid Al Futtaim Properties Saudia LLC	UAE	100%
Majid Al Futtaim Properties Al Riyadh LLC	UAE	100%
International Property Services LLC	Oman	100%
Majid Al Futtiam Properties Egypt SAE	Egypt	100%
MAF Investments Bahrain BSC	Bahrain	100%
MAF Lebanon for Commercial and Real Estate Investment SARL	Lebanon	100%
MAF Lebanon Holding SAL	Lebanon	100%
Suburban Development Company SAL	Lebanon	96.8%
Majid Al Futtaim Properties Lebanon Holding SAL	Lebanon	100%
Majid Al Futtaim Properties Management Services SARL	Lebanon	100%
Majid Al Futtaim Shopping Malls KSA	Saudi Arabia	100%
Dormant subsidiaries		
MAF Technological Systems LLC	UAE	100%
Majid Al Futtaim Hospitality LLC	UAE	100%
Majid Al Futtaim Developments LLC	UAE	100%
Majid Al Futtaim Shopping Malls LLC	UAE	100%
MAF for Real Estate Investment S.A.E. (in liquidation)	Egypt	100%
Bab Al Madinah Company Property Investment Limited	Yemen	51%
Societe Tunisia WIFEK	Tunisia	100%

Shares of certain subsidiary companies are held by subsidiaries of MAFH for the beneficial interest of MAFP Group.

33. Associate

The consolidated financial statements include MAFP Group’s share of the results of the following associate company:

Associate	Country of incorporation / origin	Ownership %
Active associate		
Enshaa PSC	UAE	28.44%