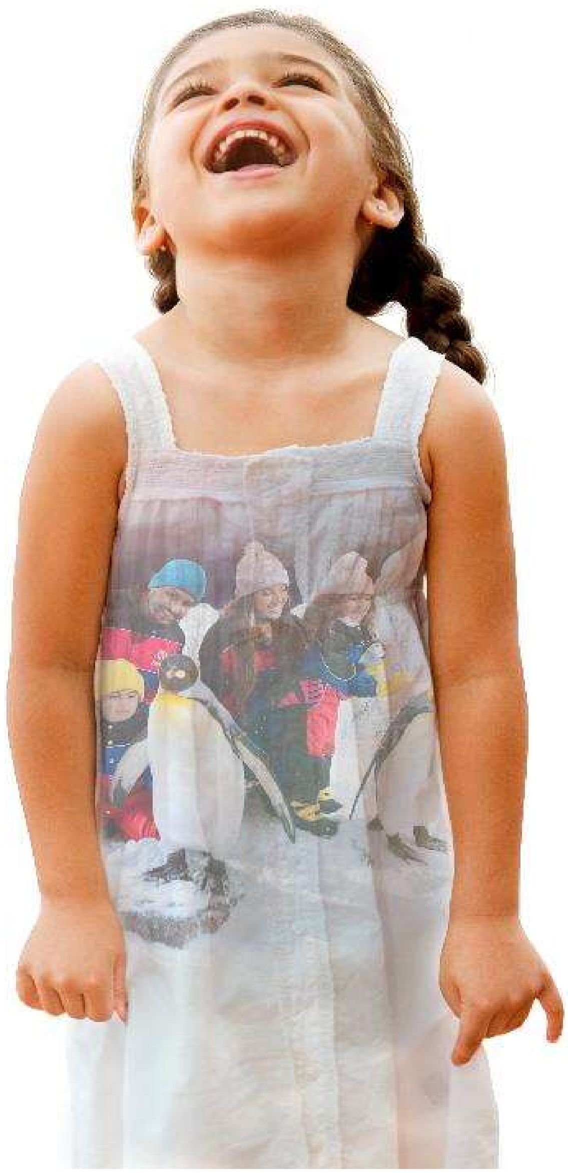
GREAT MOMENTS
FOR **EVERYONE,**
EVERYDAY

MAJID AL FUTTAIM HOLDING LLC
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019



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

To the Shareholders of Majid Al Futtaim Holding LLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Majid Al Futtaim Holding LLC as at 30 June 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.:1015
Dubai, United Arab Emirates
Date: 27 AUG 2019

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

(AED in millions)	Note	2019 Unaudited	2018 Unaudited
Revenue	8	17,921	17,802
Cost of sales		(12,366)	(12,317)
Operating expenses		(4,070)	(4,027)
Finance costs - net	9	(396)	(199)
Other (expense)/income - net		(48)	13
Impairment charge on financial assets - net		(54)	(66)
Impairment (charge)/reversal on non-financial assets - net	10	(521)	16
Share of profit in equity accounted investees - net of tax	12	25	6
Profit before valuation loss on land and buildings		**491**	**1,228**
Net valuation loss on land and buildings	11.1 & 11.2	(860)	(725)
(Loss)/profit before tax		**(369)**	**503**
Tax charge - net		(60)	(39)
(Loss)/profit for the period		**(429)**	**464**
(Loss)/profit for the period attributable to:			
- Owners of the Company		(448)	446
- Non-controlling interests		19	18
(Loss)/profit for the period		**(429)**	**464**
(Loss)/profit for the period		**(429)**	**464**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation loss on land and buildings	11.1	(86)	(91)
Deferred tax on revaluation of land and buildings		(11)	(1)
		(97)	**(92)**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		115	(4)
Net change in fair value of cash flow hedges		(57)	49
		58	**45**
Total other comprehensive income for the period		**(39)**	**(47)**
Total comprehensive income for the period		**(468)**	**417**
Total comprehensive income for the period attributable to:			
- Owners of the Company		(487)	399
- Non-controlling interests		19	18
Total comprehensive income for the period		**(468)**	**417**

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial statements.
The independent auditors' report on review of condensed consolidated interim financial statements is set out on page 1.

Condensed consolidated interim statement of financial position

(AED in millions)	Note	30 June 2019 Unaudited	31 December 2018 Audited
Non-current assets			
Property, plant and equipment	11.1	12,296	12,254
Investment property	11.2	37,425	37,309
Right-of-use assets	5.1.1	4,614	-
Equity accounted investees	12	887	874
Long term receivable from related parties	14.1	31	40
Intangible assets and goodwill	13	1,523	1,556
Deferred tax assets		54	68
Other non-current assets		638	889
Total non-current assets		**57,468**	**52,990**
Current assets			
Inventories		2,059	2,332
Trade and other receivables		2,520	2,749
Short term loan to related parties	14.2	61	68
Due from related parties		701	676
Cash in hand and at bank		1,511	1,516
		6,852	**7,341**
Assets held for sale		-	29
Total current assets		**6,852**	**7,370**
Total assets		**64,320**	**60,360**
Current liabilities			
Trade and other payables		7,961	7,606
Provisions		238	292
Other liabilities		1,740	1,846
Short term loan from a related party	14.3	156	41
Due to related parties		41	41
Bank overdraft	15	245	92
Short term loan	16	37	73
Current maturity of long term loans	17	1,940	1,973
Current maturity of lease liabilities	5.1.1	681	-
Total current liabilities		**13,039**	**11,964**
Non-current liabilities			
Long term loans	17	11,903	11,813
Long term loans from related parties	14.4	31	31
Lease liabilities	5.1.1	4,039	44
Deferred tax liabilities		133	106
Provisions		90	69
Post employment benefit obligations		755	725
Other liabilities		108	368
Total non-current liabilities		**17,059**	**13,156**
Total liabilities		**30,098**	**25,120**
Net assets		**34,222**	**35,240**

Condensed consolidated interim statement of financial position (continued)

(AED in millions)	Note	30 June 2019 Unaudited	31 December 2018 Audited
Equity			
Share capital		2,671	2,671
Statutory reserve		2,984	2,984
Revaluation reserve		18,313	18,410
Retained earnings		8,234	9,199
Hedging reserve		(69)	(12)
Currency translation reserve		(1,779)	(1,894)
Total equity attributable to the owners of the Company		**30,354**	**31,358**
Hybrid equity instrument	18	3,292	3,292
Non-controlling interests		576	590
Total equity		**34,222**	**35,240**

By the order of the Board on 27 August 2019:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial statements.
The independent auditors' report on review of condensed consolidated interim financial statements is set out on page 1.

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

(AED in millions)	Note	2019 Unaudited	2018 Unaudited
Cash flows from operating activities			
(Loss)/profit for the period after tax		**(429)**	**464**
Adjustments:			
Finance costs - net	9	396	199
Net valuation loss on land and buildings	11.1 & 11.2	860	725
Depreciation and amortisation (including amortisation of lease premium)		1,088	708
Share of profit in of equity-accounted investees - net of tax	12	(25)	(6)
Impairment charge on financial assets - net		54	66
Impairment charge/(reversal) on non-financial assets - net		521	(16)
Assets written-off		41	-
Provision for staff terminal benefits - net		30	60
Tax charge - net		60	39
		2,596	**2,239**
Changes in:			
Inventories		273	146
Trade and other receivables		75	(243)
Trade and other payables		(4)	(304)
Due from/to related parties - net		(16)	(187)
		328	(588)
Tax paid		(85)	(31)
Net cash generated from operating activities		**2,839**	**1,620**
Cash flows from investing activities			
Acquisition of property, plant and equipment, investment property and development property		(1,636)	(2,012)
Proceeds from sale of property, plant and equipment and investment properties		10	34
Movement in fixed deposits - net		(20)	(162)
Investment in equity accounted investees	12	-	(25)
Payments against intangible assets		(24)	(22)
Dividend received		10	1
Finance income received		30	30
Net cash used in investing activities		**(1,630)**	**(2,156)**

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

(AED in millions)	Note	2019 Unaudited	2018 Unaudited
Cash flows from financing activities			
Short term loan granted to related parties		7	(4)
Short term loan received from a related party	14.3	50	110
Short term loan repaid to a related party	14.3	(355)	(191)
Long term loans received	17	5,539	1,955
Long term loans repaid	17	(5,677)	(873)
Short term loans received	16	584	1,084
Short term loans repaid	16	(620)	(1,047)
Issuance of hybrid equity instrument - net	18	-	1,469
Repurchase of hybrid equity instrument - net	18	-	(1,488)
Capital contribution in a subsidiary by non-controlling interest		11	31
Payment against lease liabilities		(464)	-
Finance cost paid		(321)	(250)
Coupon paid on hybrid equity instrument		(97)	(105)
Dividend paid to non-controlling interest		(44)	(33)
Net cash (used in)/generated from financing activities		**(1,387)**	**658**
Net (decrease)/increase in cash and cash equivalents		**(178)**	**122**
Cash and cash equivalents at the beginning of the period		1,228	894
Cash and cash equivalents at the end of the period		**1,050**	**1,016**
Cash and cash equivalents comprise:			
Cash in hand and at bank		**1,511**	1,407
Less: fixed deposits with an original maturity of more than three months		**(216)**	(269)
Less: bank overdraft		**(245)**	(122)
		1,050	**1,016**

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial statements.

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

(AED in millions)	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
	Attributable to owners of the Company									
At 1 January 2018 (audited), as previously reported	**2,487**	**2,882**	**18,510**	**10,836**	**(26)**	**(1,878)**	**32,811**	**3,654**	**509**	**36,974**
Adjustment on initial application of IFRS 9 (net of tax) (Note 5.1.1)	-	-	-	1	-	-	**1**	-	-	**1**
Adjustment on initial application of IFRS 15 (net of tax) (Note 5.1.2)	-	-	-	109	-	-	**109**	-	-	**109**
Adjusted balance at 1 January 2018 (unaudited)	**2,487**	**2,882**	**18,510**	**10,946**	**(26)**	**(1,878)**	**32,921**	**3,654**	**509**	**37,084**
Total comprehensive income for the period										
Net profit for the period	-	-	-	446	-	-	**446**	-	18	**464**
Other comprehensive income										
Net gain on valuation of land and buildings (note 11)	-	-	(91)	-	-	-	**(91)**	-	-	**(91)**
Deferred tax liability arising on revaluation of land and buildings	-	-	(1)	-	-	-	**(1)**	-	-	**(1)**
Net change in fair value of cash flow hedges	-	-	-	-	49	-	**49**	-	-	**49**
Currency translation differences in foreign operations	-	-	-	-	-	(4)	**(4)**	-	-	**(4)**
Total comprehensive income for the period	**-**	**-**	**(92)**	**446**	**49**	**(4)**	**399**	**-**	**18**	**417**
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners and other movement in equity										
Dividend declared and settled / paid	-	-	-	(200)	-	-	**(200)**	-	(33)	**(233)**
Capital contribution in a subsidiary by non-controlling interest	-	-	-	-	-	-	**-**	-	31	**31**
Total contribution by and distribution to owners	**-**	**-**	**-**	**(200)**	**-**	**-**	**(200)**	**-**	**(2)**	**(202)**
Hybrid prepetual note instruments										
Issuance of hybrid equity instrument	-	-	-	-	-	-	**-**	1,464	-	**1,464**
Buy back of hybrid equity instrument	-	-	-	(8)	-	-	**(8)**	(1,444)	-	**(1,452)**
Premium paid on buy back of hybrid equity instrument	-	-	-	(36)	-	-	**(36)**	-	-	**(36)**
Coupon paid on hybrid equity instrument (note 18)	-	-	-	(105)	-	-	**(105)**	-	-	**(105)**
	-	**-**	**-**	**(149)**	**-**	**-**	**(149)**	**20**	**-**	**(129)**
At 30 June 2018 (unaudited)	**2,487**	**2,882**	**18,418**	**11,043**	**23**	**(1,882)**	**32,971**	**3,674**	**525**	**37,170**

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial statements.

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

	Attributable to owners of the Company									
					Other reserves					
(AED in millions)	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2019 (audited)	**2,671**	**2,984**	**18,410**	**9,199**	**(12)**	**(1,894)**	**31,358**	**3,292**	**590**	**35,240**
Total comprehensive income for the period										
Net (loss)/profit for the period	-	-	-	(448)	-	-	**(448)**	-	19	**(429)**
Other comprehensive income										
Net loss on valuation of land and buildings (note 11)	-	-	(86)	-	-	-	**(86)**	-	-	**(86)**
Deferred tax liability arising on revaluation of land and buildings	-	-	(11)	-	-	-	**(11)**	-	-	**(11)**
Net change in fair value of cash flow hedges	-	-	-	-	(57)	-	**(57)**	-	-	**(57)**
Currency translation differences in foreign operations	-	-	-	-	-	115	**115**	-	-	**115**
Total comprehensive income for the period	**-**	**-**	**(97)**	**(448)**	**(57)**	**115**	**(487)**	**-**	**19**	**(468)**
Transactions with owners recorded directly in equity										
Contributions and distributions										
Dividend declared and settled / paid (note 14.3)	-	-	-	(420)	-	-	**(420)**	-	(44)	**(464)**
Capital contribution in subsidiaries by non-controlling interest	-	-	-	-	-	-	**-**	-	11	**11**
Total contribution by and distribution to owners	**-**	**-**	**-**	**(420)**	**-**	**-**	**(420)**	**-**	**(33)**	**(453)**
Hybrid prepetual note instruments										
Coupon paid on hybrid equity instrument (note 18)	-	-	-	(97)	-	-	**(97)**	-	-	**(97)**
At 30 June 2019 (unaudited)	**2,671**	**2,984**	**18,313**	**8,234**	**(69)**	**(1,779)**	**30,354**	**3,292**	**576**	**34,222**

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal Law No. 2 of 2015 as applicable to commercial companies.

The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as "the Group"), and the Group's interest in jointly controlled entities and associates. The activities of its subsidiaries include establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, credit cards operations, leasing and investment activities. The Company and its subsidiaries are collectively referred to as "the Group". The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").

The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the last annual audited consolidated financial statements as at and for the year ended 31 December 2018. These condensed consolidated interim financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2018.

This is the first set of Group's consolidated financial statements where IFRS 16 has been applied. Changes to the significant accounting policies are described in Note 5.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which are described in Note 5.

4. SEASONALITY AND CYCLICALITY

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

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual audited consolidated financial statements as at and for the year ended 31 December 2018, except to the extent of impact of the new accounting standard adopted by the Group from 1 January 2019.

5.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The most significant of which relates to transition to IFRS 16 from 1 January 2019. The impact of adopting IFRS 16 and new accounting policies are disclosed below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

5.1.1 IFRS 16 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated and is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease* . The Group now assesses each contract based on the new definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

The Group leases many assets, including properties, retail stores, office buildings and warehouses.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet. However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item in the statement of financial position except for right-of-use asset pertaining to properties, which are classified under land and building in 'Property, plant and equipment'. Right-of-use assets that meet the definition of investment property are presented within 'Investment property'. The carrying amount of right-of-use assets are as follows:

	Right-of-use asset				
(AED in millions)	**Store leases**	**Non-store leases**	**Total**	**Property, plant and equipment**	**Investment property**
Balance at 1 January 2019	4,036	310	4,346	133	100
Balance at 30 June 2019	4,344	270	4,614	133	100

The Group presents lease liabilities separately in the statement of financial position.

Significant accounting policies

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property carried at fair value or a property for which the Group has adopted the policy of revaluation, it is presented in investment property or property, plant and equipment, respectively. The right-of-use asset in this case is initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for certain lease contracts in which it is a lessee that include renewable options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Transition

Previously, the Group classified property leases as operating leases under IAS 17. These include retail stores, office buildings and warehouses.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets can be measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments - the Group applied this approach to all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight and forecasting when determining the lease term if the contract contains options to extend or terminate the lease.

The Group had certain leases for leasehold land classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration on the contract to each lease and non-lease component.

Impacts on transition

On transition to IFRS 16, the Group recognized additional right-of-use assets, including right-of-use assets carried at fair value classified in property, plant and equipment. The impact on transition is summarized below:

(AED in millions)	**1 January 2019**
Amounts recognized on transition	
Right-of-use assets presented in property, plant and equipment	114
Right-of-use assets	4,346
Lease liabilities	(4,396)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted payments using incremental borrowing rates at 1 January 2019 ranging from 3.4% to 19.9%.

(AED in millions)	**1 January 2019**
Operating lease commitment at 31 December 2018 disclosed in the Group's consolidated financial statements	6,028
Discounted using incremental borrowing rate at 1 January 2019	4,396
Finance lease liabilities recognized as at 31 December 2018	44
Lease liabilities recognized at 1 January 2019	**4,440**

Impacts for the period

As a result of applying IFRS 16, in relation to the leases that were previously classified as operating leases and reflecting new leases taken out during the period, the Group recognized AED 4,614 million of right-of-use assets and AED 4,720 million of lease liabilities as at 30 June 2019.

Also, in relation to leases under IFRS 16, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognized AED 331 million of depreciation charges and AED 145 million of interest costs from these leases. No depreciation is recognized for the right-of-use asset that meets the definition of investment property. During the period, the Group entered into new leases amounting to AED 599 million.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's Financial Risk Management objectives, policies and procedures are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended 31 December 2018.

7. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all operating segments are reviewed regularly by senior management and the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Group has four segments, consistent with internal reporting and are considered Group's strategic business units. The strategic businesses units offer different services and are managed separately because they have different strategic requirements. Inter-segment pricing is determined on an arm's length basis.

The following summary describes the operations in each of the Group's reportable segments:

Properties: The principal activities includes investing in and operating and managing commercial projects including shopping malls, hotels, residential projects, leisure and entertainment, acting as a holding company to various subsidiaries and investing in joint ventures and associates.

Retail: The principal activities include establishment and management of hypermarkets, and supermarket in accordance with the franchise agreement with Carrefour Partenariat International, a Carrefour SA affiliate.

Ventures: The principal activities include establishing, investing in and management of commercial projects. It also includes, through subsidiaries, the establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services.

Head Office: The principal activities acting as the holding company of the Group's subsidiaries, arranging the Group's financing requirements and providing certain support services to the subsidiaries.

To ensure comparability EBITDA has been adjusted with the impact of rent expense, including the component which has been derecognized on adoption of IFRS 16.

7.1 By business

The segment information provided to the Board of Directors for the reportable segments for the six month period ended 30 June 2019 are as follows:

7.1.1 Disaggregation of revenue by business

In the following table, revenue from contracts with customers is disaggregated by major business and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

(AED in millions)	Properties	Retail	Ventures	Total
For the period ended 30 June 2019 (unaudited):				
Gross revenue	2,265	14,565	1,287	**18,117**
Eliminations and adjustments	(196)	-	-	**(196)**
Revenue from external customers	**2,069**	**14,565**	**1,287**	**17,921**
External revenue from major service/product lines				
Sale of goods	-	13,307	272	**13,579**
Listing fees, gondola fees and commissions	-	1,199	-	**1,199**
Leisure and entertainment	97	-	856	**953**
Hospitality revenue	309	-	-	**309**
Others	19	30	-	**49**
	425	**14,536**	**1,128**	**16,089**
Rental income	1,644	29	-	**1,673**
Financial services revenue	-	-	159	**159**
	2,069	**14,565**	**1,287**	**17,921**
For the period ended 30 June 2018 (unaudited):				
Gross revenue	2,302	14,556	1,107	**17,965**
Eliminations and adjustments	(163)	-	-	**(163)**
Revenue from external customers	**2,139**	**14,556**	**1,107**	**17,802**
External revenue from major service/product lines				
Sale of goods	-	13,362	224	**13,586**
Listing fees, gondola fees and commissions	-	1,131	-	**1,131**
Leisure and entertainment	102	-	689	**791**
Hospitality revenue	323	-	-	**323**
Others	33	32	-	**65**
	458	**14,525**	**913**	**15,896**
Rental income	1,682	31	-	**1,713**
Financial services revenue	-	-	193	**193**
	2,140	**14,556**	**1,106**	**17,802**

7.1.2 Disaggregation of results from operations by business

(AED in millions)	Properties	Retail	Ventures	Head office	Total
For the period ended 30 June 2019 (unaudited):					
EBITDA	1,474	885	222	(61)	2,520
Rent expense derecognized under IFRS 16	(16)	(282)	(85)	-	(383)
Adjusted EBITDA*	**1,458**	**603**	**137**	**(61)**	**2,137**
Depreciation and amortisation expense**	(247)	(561)	(302)	(15)	(1,125)
Eliminations and adjustments					37
					(1,088)
Valuation loss on land and buildings - net	(946)	-	-	-	(946)
Eliminations and adjustments					86
					(860)
Net finance (cost)/income**	(206)	(132)	(138)	83	(393)
Eliminations and adjustments					(9)
					(402)
Net profit/(loss) after tax	(508)	245	(167)	13	(417)
Eliminations and adjustments					(12)
					(429)

* The measure of EBITDA has been adjusted for 2019 by deducting the rent expense that would have been charged as if the new standard IFRS 16 had not been adopted in order to provide management with a more comparable basis.

** The impact of initial application of IFRS 16 on Group's assets and liabilities is disclosed in Note 5.1.1.

(AED in millions)	**Properties**	**Retail**	**Ventures**	**Head office**	**Total**
For the period ended 30 June 2018 (unaudited):					
EBITDA	1,466	612	118	(63)	2,133
Eliminations and adjustments					(10)
					2,123
Depreciation and amortisation expense	(223)	(249)	(158)	(5)	(635)
Eliminations and adjustments					(73)
					(708)
Valuation loss on land and buildings - net	(797)	-	-	-	(797)
Eliminations and adjustments					72
					(725)
Net finance (cost)/income - external	(210)	20	(72)	52	(210)
Adjustments					11
					(199)
Net profit/(loss) after tax	240	358	(129)	(16)	453
Eliminations and adjustments					11
					464

7.1.3 Disaggregation of capital expenditure by business

(AED in millions)	**Properties**	**Retail**	**Ventures**	**Head office**	**Total**
For the period ended 30 June 2019 (unaudited):					
Capital expenditure	1,387	165	265	49	**1,866**
For the period ended 30 June 2018 (unaudited):					
Capital expenditure	1,371	224	289	5	**1,889**

7.1.4 Disaggregation of total assets by business

(AED in millions)	**Properties**	**Retail**	**Ventures**	**Head office**	**Total**
At 30 June 2019 (unaudited)					
Total assets*	48,575	11,718	5,575	478	66,346
Eliminations and adjustments					(2,026)
					64,320

(AED in millions)	**Properties**	**Retail**	**Ventures**	**Head office**	**Total**
At 31 December 2018 (audited)					
Total assets	48,707	7,808	3,883	338	60,736
Eliminations and adjustments					(376)
					60,360

8. REVENUE

	Six month period ended 30 June	
(AED in millions)	**2019 Unaudited**	**2018 Unaudited**
Revenue from contract with customers	16,089	15,896
Other revenue		
- Rental income	1,673	1,713
- Financial services revenue	159	193
	17,921	**17,802**

9. FINANCE COSTS - NET

(AED in millions)	Six month period ended 30 June 2019 Unaudited	2018 Unaudited
Finance costs:		
Arrangement and participation fee	(21)	(14)
Interest charges on bank loans	(357)	(269)
Interest on lease obligations	(145)	-
Finance charges on related party balances	(9)	(9)
Capitalized interest on development expenditure	100	62
	(432)	**(230)**
Changes in the fair value/settlement of derivatives held as FVPL	(4)	(3)
Cash flow hedges reclassified from hedging reserve	(6)	(6)
Bond programme cost	(3)	(4)
	(445)	**(243)**
Finance income:		
Interest income on bank balances	30	30
Interest income from operational financing	2	11
Cash flow hedges reclassified from hedging reserve	7	3
Changes in the fair value/settlement of derivatives held as FVPL	10	-
	49	**44**
	(396)	**(199)**

Included within interest charges on bank loans, fair value gain of AED 133 million (30 June 2018: fair value loss of AED 96 million) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value changes of the underlying debt being hedged.

10. IMPAIRMENT (CHARGE)/REVERSAL ON NON-FINANCIAL ASSETS

(AED in millions)	Six month period ended 30 June 2019 Unaudited	2018 Unaudited
Impairment charge on investment property under construction - net (note 10.1)	(494)	(160)
Reversal of impairment on property, plant and equipment - net	4	1
Impairment (charge)/reversal on investment in equity accounted investees (note 10.2 and 10.3)	(31)	175
	(521)	**16**

10.1 During the current period, a total impairment loss of AED 494 million (30 June 2018: AED 160 million) was recognized on shopping malls classified under properties under construction, as the carrying amount of each individual asset exceeded its recoverable amount (note 11.2). The primary reasons include challenging economic environment resulting in changes in the forecasted net operating income, forecasted occupancy levels, updates in the discount rate and deferrals of opening dates than earlier estimated. The significant unobservable inputs used in the measurement of the recoverable amounts are as follows:

- Discount and yield rates;
- Forecasted occupancy levels; and
- Expected mall opening dates.

Furthermore, the impairment test uses estimates of:

- Forecasted net opearting income ('NOI') and growth rate in NOI; and
- Future development cost of projects under construction.

During the period, management re-assessed it's strategic plan for the assets under construction and provided for an impairment loss of AED 494 million (30 June 2018: AED 160 million).

The recoverable amounts of the impaired investment property under construction as at the reporting date and the key assumptions used in the estimation of the recoverable amount are set out below:

(AED in millions)	30 June 2019 Unaudited Asset 1	Asset 2	Asset 3	30 June 2018 Unaudited Asset 4	Asset 5
Recoverable amount	378	684	1,293	116	438
Impairment loss	(199)	(212)	(83)	(86)	(74)
Discount rate	N/A	10.3%	9.7%	8.5%	9.8%
Yield rate	N/A	N/A	8.0%	9.5%	19.8%

The estimated impairment loss would increase/(decrease) if:

- the discount or yield rate were higher/(lower);
- the occupancy levels decreased/(increased);
- the expected mall opening dates are deferred/(advanced);
- the forecasted NOI and growth rate in NOI are lower/(higher); and
- the future development cost is higher/(lower).

10.2 In 2018, the Group entered into a share purchase agreement with its joint venture partner for sale of Group's entire stake in Gourmet Gulf with the sale to be concluded by 3 March 2019 ('long stop date') and accordingly classified the investment as an asset held for sale as at 31 December 2018. Since the sale could not be concluded by the long stop date, the management has re-classified the balance to investment (note 12) from asset held for sale. Further, management reassessed the future prospects and recoverability of this investment and fully impaired the carrying amount.

10.3 In prior years, the Group contributed AED 389 million as an advance to the joint venture partner, towards its contribution against the purchase of land. Subsequently, management reassessed the future prospects of the joint venture and a full impairment provision was recognised against this advance. In 2015, the Group received AED 107 million in cash and accordingly the impairment provision had been reversed to that extent. At that time, the joint venture partner also agreed to transfer four (4) plots of land to the Group in order to settle the balance of AED 282 million. In 2018, the Group received four (4) plots of land from its joint venture partner, with a total fair value of AED 177 million as final settlement for advance previously paid by the Group resulting in a loss on settlement amounting to AED 105 million. Accordingly, the Group reversed the impairment loss to the extent of fair value of land received.

11. TANGIBLE FIXED ASSETS

11.1 PROPERTY, PLANT AND EQUIPMENT

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

(AED in millions)	2019 Unaudited	2018 Unaudited
Capital expenditure - net	506	816
Depreciation charge for the period	(676)	(621)
Transfer from investment property - net (note 11.1.1)	111	504
Right-of-use asset recognized on adoption of IFRS 16 (note 5.1.1)	114	-
Valuation (loss) / gain of land and buildings		
- recognised in other comprehensive income	(86)	(91)
- recognised in profit or loss	66	(39)
	(20)	(130)
Impairment reversal - net	4	1

11.1.1 Following significant transfers took place between property, plant and equipment and investment properties (note 11.2):

- During the current period, net balance amounting to AED 37 million (30 June 2018: AED 356 million) has been transferred from investment property to property, plant and equipment on account of changes in proportion of properties held for own use by the Group.
- During the current period, the Group completed construction of a shopping malls amounting to AED 157 million in Oman and AED 239 million in UAE. AED 74 million, representing owned use portion of these shopping malls has been transferred to property, plant and equipment.

11.2 INVESTMENT PROPERTY

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

(AED in millions)	2019 Unaudited	2018 Unaudited
Capital expenditure - net	1,513	1,444
Valuation loss recognized in profit or loss	(926)	(686)
Impairment charge - net	(494)	(160)
Transfer to property, plant and equipment - net (note 11.1.1)	(111)	(504)

11.3 MEASUREMENT OF FAIR VALUES

The fair value measurement for land and buildings, included under property, plant and equipment, of AED 7,714 million (31 December 2018: AED 7,671 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The fair value measurement for investment property of AED 37,425 million (31 December 2018: AED 37,309 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

The significant unobservable inputs used in the valuation are as follows:

		Key unobservable inputs	
Class of asset		30 June 2019	31 December 2018
Class of asset		Unaudited	Audited
Shopping malls	Discount rates on income streams	7.00% to 30.00%	9.75% to 27.50%
	Compound annual growth rates of net operating income	2.63%	3.13%
Offices	Equivalent yield	7.99% to 9.25%	8.00% to 9.25%
Hotels & building	Discount rate	10.25% to 11.75%	10.25% to 11.75%
	Compounded annual growth rate of EBITDA	8.41%	6.29%

The estimated fair value would increase / (decrease) if the discount rates were lower / (higher), the compounded annual growth rates were higher / (lower) and/or equivalent yields were lower / (higher). In the current period, the external valuer included additional risks in the underlying cash flow assumptions and, accordingly, has adjusted the discount rates.

12. EQUITY ACCOUNTED INVESTEES

Movement of the investment in equity accounted investees during the period is as follows:

	Associates		Joint Ventures	
(AED in millions)	30 June 2019 Unaudited	30 June 2018 Unaudited	30 June 2019 Unaudited	30 June 2018 Unaudited
At 1 January (audited)	60	130	814	923
Effect of change in accounting policy (note 5.1.2)	-	-	-	115
At 1 January (audited)	60	130	814	1,038
Additions during the period	-	-	-	25
Share of profit/(loss) accounted through profit or loss	18	16	7	(10)
Transfer from assets held for sale (note 10.2)	-		29	-
Transfer to a related party	-	(83)	-	-
Dividend income received	(10)	(1)	-	-
Impairment charge - net (note 10.2)	(2)	(2)	(29)	-
	66	**60**	**821**	**1,053**

13. INTANGIBLE ASSETS AND GOODWILL

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

(AED in millions)	**2019 Unaudited**	**2018 Unaudited**
Additions	24	26
Amortization charge for the period	(57)	(29)

14. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the Parent Company and its shareholders, fellow subsidiaries, associates, joint ventures, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

14.1 Long term receivable from related parties

(AED in millions)	**30 June 2019 Unaudited**	**31 December 2018 Audited**
Receivable from joint ventures	13	23
Receivable from a minority shareholder	17	16
Receivable from a joint operator	1	1
	31	**40**

14.2 Short term loans to related parties

(AED in millions)	**30 June 2019 Unaudited**	**31 December 2018 Audited**
Receivable from joint ventures	61	68

14.3 Short term loan from a related party

(AED in millions)	**30 June 2019 Unaudited**	**30 June 2018 Unaudited**
At 1 January	41	21
Borrowed during the period	50	110
Adjustment for dividend settlement	420	200
Payments/adjustments made during the period	(355)	(191)
	156	**140**

14.3.1 The above loan is obtained from the Parent Company, against a loan facility of AED 1,100 million (31 December 2018: AED 800 million), renewable every year.

14.4 Long term loan from related parties

Long term loans from related parties include:

- The un-secured loan amounting to AED 30 million (31 December 2018: AED 30 million) by a Group's subsidiary from it's non-controlling shareholder repayable upon the fifth anniversary of the agreement dated August 2015.
- AED 1 million (31 December 2018: AED 1 million) loan is obtained by a Group's joint operation from a joint operator.

14.5 Related party transactions

14.5.1 During the current period, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs relating to such projects and proportion of management time and travel costs, amounting to AED 24 million (30 June 2018: AED 64 million), incurred on these projects have been cross charged to the Parent Company.

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

(AED in millions)	**30 June 2019 Unaudited**	**30 June 2018 Unaudited**
Directors' fees and expenses	7	9
Employee benefits (salaries and allowances including provision for bonus)	54	59
Post employment benefits (provision for end of service benefits)	1	2
	62	**70**

15. BANK OVERDRAFT

(AED in millions)	**30 June 2019 Unaudited**	**31 December 2018 Audited**
Bank overdraft	245	92

15.1 The Group has bank overdraft facilities aggregating to AED 1,187 million (31 December 2018: AED 1,167 million). The facilities carry interest at 0.75% - 3.50% (31 December 2018: 0.75% - 3.50%) above the base lending equivalent and the drawn amounts are repayable on demand.

16. SHORT TERM LOAN

(AED in millions)	**30 June 2019 Unaudited**	**30 June 2018 Unaudited**
At 1 January	73	55
Borrowed during the period	584	1,084
Repaid during the period	(620)	(1,047)
	37	**92**

16.1 The loan is a revolving facility of USD 100 million with a margin of 1.25% (31 December 2018: 1.25%) per annum over base lending rate, maturing within 6 months from the date of each drawdown.

17. LONG TERM LOANS

(AED in millions)	**30 June 2019 Unaudited**	**30 June 2018 Unaudited**
At 1 January	13,786	11,194
Borrowed during the period	5,539	1,955
Interest payable converted to loan	47	24
Fair value movement	140	(102)
Net movement in unamortized arrangement and agency fee	(12)	-
Repaid during the period	(5,677)	(873)
Currency translation adjustment	20	(1)
	13,843	**12,197**
Less: Current maturity of long term loans	(1,940)	(464)
Non-current portion	**11,903**	**11,733**

17.1 Details of term loans from banks are as follows:

(AED in millions)

Loan facility 'in millions	Repayment interval	Repayment commencing	Maturity date	Note	30 June 2019 Unaudited	31 December 2018 Audited
AED 225	Semi-annual	29-Sep-13	22-Mar-20	17.1.1	23	40
LBP 170,633	Annual	20-Mar-16	20-Sep-22	17.1.2	278	309
EGP 2,500	Unequal installments every year	28-Sep-21	28-Sep-30	17.1.3	366	275
OMR 175	Unequal installments every year	31-Dec-20	30-Sep-30	17.1.4	523	504
KES 1,530	Semi-annual	31-Dec-18	Settled	17.1.5	-	22
GEL 10.9	Semi-annual	17-Mar-18	Settled	17.1.5	-	13
PKR 1,850	Quarterly	6-Aug-18	6-May-21	17.1.6	28	41
					1,218	**1,204**

The floating rate term loans carry margins ranging from 1.0% to 4.1% (31 December 2018: 1% to 4.1%) per annum over the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

17.1.1 The loan facility is secured by way of a first degree mortgage over land and building of a shopping mall in UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

17.1.2 These loan facilities were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which a shopping mall is constructed and the assignment of lease rentals of the shopping mall.

17.1.3 In 2016, a loan facility of EGP 2,500 million was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall, which is secured by assignment of lease proceeds and insurance contracts. Subsequent to the period-end the loan facility was refinanced to USD 200 million, with repayments commencing from 31 December 2020 and maturing on 10 March 2029.

17.1.4 In 2017, a loan facility of OMR 175 million was obtained by a subsidiary in Oman in relation to the construction of a shopping mall, which is secured by first degree mortgage on usufruct rights on the leasehold land, assignment of lease proceeds, insurance and construction contracts.

17.1.5 In 2016, term loan facilities of KES 1,530 million and GEL 10.9 million were obtained by the Group's subsidiaries in Kenya and Georgia respectively. These facilities were paid and settled by the Group during the period prior to their contractual maturities.

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

17.2 Details of revolver facilities from banks are as follows:

(AED in millions)

Loan facility 'in millions	Maturity date	30 June 2019 Unaudited	31 December 2018 Audited
USD 560	26-Feb-23	472	398
AED 3,562	26-Feb-23	817	688
USD 100	30-Sep-23	-	366
USD 350	24-Sep-24	1,270	1,279
AED 2,387	24-Sep-24	-	2,326
USD 655	23-Jan-25	54	955
AED 1,267	23-Jan-25	1,047	-
KES 3,000	15-Jan-22	63	-
		3,723	**6,012**

The Group has unsecured revolving facilities aggregating to AED 13,440 million (31 December 2018: AED 13,332 million). These floating rate facilities carry margins ranging from 1.0% to 1.35% (31 December 2018: 1.20% to 1.50%) per annum over the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

17.3 Details of fixed rate Debt Capital Market facilities are as follows:

(AED in millions)

Loan facility 'in millions	Pricing	Maturity date	Note	30 June 2019 Unaudited	31 December 2018 Audited
USD 500 million sukuk certificates	4.50% per annum, to be serviced every six months from returns generated from the Wakala portfolio	3-Nov-25	17.3.1	1,831	1,800
USD 600 million sukuk certificates	4.64%% per annum, to be serviced every six months from returns generated from the Wakala portfolio	14-May-29	17.3.1	2,247	-
USD 500 million unsecured notes	5.25% per annum, payable every six months	5-Jul-19	17.3.2	1,837	1,836
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	17.3.2	2,987	2,934
				8,902	**6,570**

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

In November 2015, the Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,837 million). In May 2019, the Group issued additional ten year Sukuk certificates raising USD 600 million to refinance existing eligible projects in accordance with the MAF Group's Green Finance Framework. These senior unsecured bonds issued in November 2015 and May 2019 under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange.

The terms of the arrangement include payment to the Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio". In substance, the Wakala Portfolio remains in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets.

The profit on these fixed rate is serviced on a semi-annual basis from returns generated from the Wakala Portfolio.

The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the Sukuk Program, USD 600 million (31 December 2018: USD 200 million) is hedged by interest rate swaps and accordingly, carried at fair value.

17.3.2 In July 2012, under the USD 2,000 million Global Medium Term Note (GMTN) Program (increased to USD 3,000 million in 2015), the Group issued seven year fixed rate unsecured bonds of USD 500 million, ten year fixed rate unsecured bonds in May 2014 of USD 500 million and additional USD 300 million as part of May 2014 issue in July 2016. The bonds issued in July 2012 are listed on London and NASDAQ Dubai, UAE Stock Exchange and bonds issued in May 2014 are listed on NASDAQ Dubai, UAE and Irish Stock Exchange. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates have been listed on Irish Stock Exchange and on NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 375 million (31 December 2018: USD 375 million) is hedged by interest rate swaps and accordingly, carried at fair value.

Subsequent to the period-end, the Group repaid the July 2012 seven year unsecured bonds of USD 500 million on maturity.

18. HYBRID EQUITY INSTRUMENTS

Hybrid Perpetual Note Instruments	Amount	Interest rate	Call date	Reset terms	30 June 2019 Unaudited	31 December 2018 Audited
					(AED in millions)	
March 2017	USD 500 million	5.5% payable semi-annually in arrears	7-Sep-22	5.5 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,828	1,828
March 2018	USD 400 million	6.375% payable semi-annually in arrears	20-Mar-26	8 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,464	1,464
					3,292	**3,292**

During 2018, the Group repurchased Hybrid Perpetual Notes issued in October 2013, with par value USD 500 million in two different transactions in March 2018 and October 2018. The repurchase was partially financed through issuance of USD 400 million (AED 1,469 million) perpetual notes issued in March 2018.

The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, these are classified as equity net of transaction costs amounting to AED 14 million (31 December 2018: AED 14 million). These hybrid prepetual note instruments are listed on the Irish Stock Exchange.

During the period, the Group paid coupon amounting to AED 97 million (30 June 2018: AED 105 million).

19. FINANCIAL INSTRUMENTS

19.1 Fair values

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

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

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets. An 'active market' is a market in which transactions for the asset take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active or the most advantageous market for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Inputs for the asset that are not based on observable market data (unobservable inputs). This category includes instruments whose inputs are not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. For example discount rates, growth rates, net equivalent yield etc.

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

At 30 June 2019 (Unaudited) *(AED in millions)*	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	90	-	90	-
Financial liabilities				
Interest rate derivatives	81	-	81	-
Sukuk and Note liabilities	8,902	-	8,958	-
	8,983	**-**	**9,039**	**-**

At 31 December 2018 (Audited) *(AED in millions)*	**Carrying amount**	**Fair value** Level 1	Level 2	Level 3
Financial assets				
Interest rate swaps used for hedging	29	-	29	-
Foreign currency forward contracts	4	-	4	-
	33	**-**	**33**	**-**
Financial liabilities				
Interest rate derivatives	107	-	103	-
Sukuk and Note liabilities	6,570	-	6,616	-
	6,677	**-**	**6,719**	**-**

There were no changes in valuation techniques during the periods.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instrument that are substantially the same, net present value techniques and discounted cash flow methods. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The fair value of derivatives that are not exchange traded is estimated at the present value of the amount that the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparty.

20. FUNDING AND LIQUIDITY MANAGEMENT

At 30 June 2019, the Group has net current liabilities of AED 6,187 million (31 December 2018: AED 4,594 million) which includes debt maturing in the short-term of AED 3,059 million (31 December 2018: AED 2,179 million). Further, at 30 June 2019 debt maturing in the long term is AED 15,973 million (31 December 2018: AED 11,888 million).

At 30 June 2019, the Group has undrawn facilities of AED 10,979 million (31 December 2018: AED 8,147 million), including project finance facilities, and cash in hand and at bank of AED 1,511 million (31 December 2018: AED 1,516 million) to cover its liquidity needs for at least the next 18 months.

21. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	**30 June 2019 Unaudited**	**31 December 2018 Audited**
Capital commitments	2,437	3,162
Group's share of capital commitments in relation to its equity accounted investees	358	498
Letters of credit outstanding	26	121
Bank guarantees outstanding	121	196

22. SUBSEQUENT EVENTS

Except as disclosed in note 17.1.3 and 17.3.2, there has been no significant event subsequent to the reporting date and up to the date of authorisation on 27 August 2019, which would have a material effect on the condensed consolidated interim financial statements.