Manazel Real Estate PJSC

BOARD OF DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

EY
Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MANAZEL REAL ESTATE PJSC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Manazel Real Estate PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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 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 the auditors' 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, the auditor considers 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 for 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 financial position of the Group as of 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Emphasis of matter
Without qualifying our opinion, we draw attention to Note 6 to the consolidated financial statements which state that the Company is carrying an amount of AED 491 million as recoverable from the Government related entities in respect of the infrastructure costs incurred by the Company on various developments amounting to AED 561 million. The management supported by the Board of Directors is in discussions with Abu Dhabi Water and Electricity Authority and other government related entities relating to reimbursement of infrastructure costs. The Company received an amount of AED 68 million during the year ended 31 December 2011, AED 1 million during the year ended 31 December 2013 and AED 1 million during the year ended 31 December 2014 and the remaining AED 491 million have been claimed. The ultimate outcome of the matter and the timing of the reimbursements is currently uncertain.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and Articles of Association of the Company;

iii) the Group has maintained proper books of account;

iv) the consolidated financial information included in the Directors' report is consistent with the books of account and records of the Group;

v) investments in shares and stocks are included in note 13 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2015;

vi) note 24 reflects the disclosures relating to related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2015, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2015; and

viii) note 30 reflects the social contributions made during the year.

Ernst + Young

Signed by
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No 532

28 February 2016
Abu Dhabi

Manazel Real Estate PJSC

BOARD OF DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

Manazel Real Estate PJSC

BOARD OF DIRECTORS' REPORT

31 DECEMBER 2015

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BOARD OF DIRECTORS' REPORT
Year ended 31 December 2015

On behalf of the Board of Directors, I am pleased to present the audited consolidated financial statements of Manazel Real Estate PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2015.

Results and appropriations
The Group has earned revenues of AED 740 million and recorded a profit of AED 195 million for the year ended 31 December 2015 compared to revenues of AED 739 million and a profit of AED 152 million for the year ended 31 December 2014. Earnings per share for the year ended 31 December 2015 amounts to AED 0.08 compared to earnings per share of AED 0.05 for the year ended 31 December 2014. The Group's total assets have increase from AED 3,627 million as at 31 December 2014 to AED 4,211 million as at 31 December 2015.

Directors
As at the end of the reporting period, the Board of Directors comprises:

Mohamed M. Al Qubaisi	-	Chairman
Mohamed Thaaloob Al Derei	-	Vice Chairman
Mohamed Saeed Al Ghfeli	-	Member
Khalid Deemas Al Suwaidi	-	Member
Naser Al Mur Al Zaabi	-	Member

Auditors
A resolution to appoint external auditors for the ensuing year will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors

Mohamed M. Al Qubaisi
Chairman

28 February 2016

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Manazel Real Estate PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2015

	Notes	2015 AED'000	2014 AED'000
Revenue	6	**739,932**	738,609
Cost of revenue	6	**(496,026)**	(507,127)
GROSS PROFIT		**243,906**	231,482
Changes in fair value of investment properties, net	15	**66,653**	27,300
Reversal of impairment of properties held for sale	12	**4,502**	-
Gain on disposal of investment properties		-	14,711
Finance costs	7	**(59,487)**	(66,295)
General and administrative expenses	8	**(66,028)**	(53,540)
Selling and marketing expenses	8	**(14,897)**	(9,846)
Ancillary fees for the Board of Directors' special efforts	24	**(11,400)**	(14,000)
Other income	9	**32,219**	21,840
PROFIT FOR THE YEAR		**195,468**	151,652
Attributable to:			
Owners of the Parent		**195,477**	137,124
Non-controlling interests		**(9)**	14,528
		195,468	151,652
Earnings per share			
Basic and diluted earnings per share (in AED per share)	23	**0.078**	0.054

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Note	*2015* *AED'000*	*2014* *AED'000*
PROFIT FOR THE YEAR		**195,468**	151,652
Changes in fair value relating to investments carried at fair value through other comprehensive income		**(5,510)**	3,607
Realised gain (loss) on sale of investments carried at fair value through other comprehensive income		**11,854**	(2,000)
Gain on revaluation of property, plant and equipment	16	**384,269**	-
Other comprehensive income for the year that will not be reclassified to consolidated income statement		**390,613**	1,607
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**586,081**	153,259
Attributable to:			
Owners of the Parent		**586,090**	138,731
Non-controlling interests		**(9)**	14,528
		586,081	153,259

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Notes	2015 AED'000	2014 AED'000
ASSETS			
Bank balances and cash	10	**15,094**	25,898
Trade and other receivables	11	**495,345**	347,021
Properties held for sale	12	**5,902**	609,861
Investments carried at fair value through other comprehensive income	13	**7,416**	23,213
Development work-in-progress	14	**262,760**	201,839
Recoverable infrastructure costs	6	**491,017**	491,017
Investment properties	15	**1,581,034**	1,561,036
Property, plant and equipment	16	**1,352,235**	366,952
TOTAL ASSETS		**4,210,803**	3,626,837
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	**2,500,000**	2,500,000
Reserves		**101,671**	(484,419)
		2,601,671	2,015,581
Non-controlling interest		**(1,177)**	(1,168)
TOTAL EQUITY		**2,600,494**	2,014,413
LIABILITIES			
Trade and other payables	19	**517,800**	563,311
Retentions payable		**18,057**	62,081
Islamic financing	20	**1,040,836**	840,298
Advances from customers	21	**29,910**	144,397
Employees' end of service benefits	22	**3,706**	2,337
TOTAL LIABILITIES		**1,610,309**	1,612,424
TOTAL EQUITY AND LIABILITIES		**4,210,803**	3,626,837

CHAIRMAN

CHIEF EXECUTIVE OFFICER

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Attributable to the owners of the Company									
		Reserves								
	Share capital AED'000	*Statutory reserve AED'000*	*Cumulative changes in fair value of investments AED'000*	*Fair value reserve for property, plant and equipment AED'000*	*Excess of cash consideration over net assets relating to acquisition of non-controlling interest AED'000*	*Accumulated losses AED'000*	*Total reserves AED'000*	*Total AED'000*	*Non-controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2014	2,500,000	163,091	(66,639)	-	-	(391,259)	(294,807)	2,205,193	25,867	2,231,060
Profit for the year	-	-	-	-	-	137,124	137,124	137,124	14,528	151,652
Other comprehensive income for the year	-	-	3,607	-	-	(2,000)	1,607	1,607	-	1,607
Total comprehensive income for the year	-	-	3,607	-	-	135,124	138,731	138,731	14,528	153,259
Transfers to statutory reserve	-	13,712	-	-	-	(13,712)	-	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(17,988)	(17,988)
Dividends (note 29)	-	-	-	-	-	(175,000)	(175,000)	(175,000)	-	(175,000)
Acquisition of non controlling interest (note 31)	-	-	-	-	(153,343)	-	(153,343)	(153,343)	(23,575)	(176,918)
Balance at 31 December 2014	2,500,000	176,803	(63,032)	-	(153,343)	(444,847)	(484,419)	2,015,581	(1,168)	2,014,413
Balance at 1 January 2015	2,500,000	176,803	(63,032)	-	(153,343)	(444,847)	(484,419)	2,015,581	(1,168)	2,014,413
Profit for the year	-	-	-	-	-	195,477	195,477	195,477	(9)	195,468
Other comprehensive income for the year	-	-	(5,510)	384,269	-	11,854	390,613	390,613	-	390,613
Total comprehensive income for the year	-	-	(5,510)	384,269	-	207,331	586,090	586,090	(9)	586,081
Transfers to statutory reserve	-	19,547	-	-	-	(19,547)	-	-	-	-
Balance at 31 December 2015	**2,500,000**	**196,350**	**(68,542)**	**384,269**	**(153,343)**	**(257,063)**	**101,671**	**2,601,671**	**(1,177)**	**2,600,494**

The attached notes 1 to 32 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	Notes	*2015* *AED'000*	*2014* *AED'000*
OPERATING ACTIVITIES			
Profit for the year		**195,468**	151,652
Adjustments for:			
Depreciation of property, plant and equipment	16	**9,153**	13,308
Gain on disposal of property, plant and equipment		-	(433)
Changes in fair value of investment properties	15	**(66,653)**	(27,300)
Finance costs	7	**59,487**	66,295
Gain on disposal of investment properties		-	(14,711)
Provision for employees' end of service benefits	22	**1,615**	1,115
Net cash flows from operations		**199,070**	189,926
Movements in working capital:			
Development work-in-progress		**(60,921)**	89,930
Trade and other receivables		**(148,324)**	(179,469)
Properties held for sale		**(1,169)**	12,003
Trade and other payables		**(38,330)**	82,399
Retentions payable		**(44,024)**	(51,977)
Advances from customers		**(114,487)**	(25,029)
		(208,185)	117,783
Employees' end of service benefits paid	22	**(246)**	(494)
Net cash flows (used in) from working capital changes		**(208,431)**	117,289
INVESTING ACTIVITIES			
Proceeds from sale of investments		**22,141**	19,511
Additions in property, plant and equipment	16	**(5,039)**	(1,470)
Proceeds from disposal of property, plant and equipment		-	5,785
Proceeds from disposal of investment properties		**66,500**	62,375
Additions to investment properties	15	**(19,845)**	(24,904)
Placement in bank deposits held under lien		-	50,000
Net cash from investing activities		**63,757**	111,297
FINANCING ACTVITIES			
Dividend paid		**(16,302)**	(95,228)
Dividend paid to non-controlling interest		-	(17,988)
Finance cost paid, net		**(50,366)**	(46,557)
Islamic financing received (paid), net	20	**200,538**	(61,640)
Net cash from (used in) financing activities		**133,870**	(221,413)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(10,804)**	7,173
Cash and cash equivalents at the beginning of the year		**25,873**	18,700
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**15,069**	25,873

The attached notes 1 to 32 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Manazel Real Estate PJSC (the "Company" or the "Parent") was established on 12 April 2006 as a private joint stock company and was registered on 13 May 2006.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the Shari'a compliant real estate business which includes development, sales, investment, construction, management and associated services. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 33322, Abu Dhabi.

The consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2016.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), general principles of the Shari'a as determined by Group's Fatwa and Shari'a Supervisory Board and also comply with the applicable requirements of the laws in the UAE. The accounting policies have been consistently applied other than changes as a result of application of new and revised standards mentioned in Note 2.4.

The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No. 8 of 1984. The Group is currently assessing the impact of the new law and expects to be fully compliant on or before 28 June 2016.

2.2 Basis of preparation

The consolidated financial statements have been prepared on a historic cost basis except for investments carried at fair value through other comprehensive income, investment properties that have been measured at fair value and land included in capital work in progress which has been carried at revalued amounts.

The consolidated financial statements have been presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousands except where otherwise indicated.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2015. Control is achieved when the Company 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.

Specifically, the Company controls an investee if and only if the Company has:

a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

2 BASIS OF PREPARATION continued

2.3 Basis of consolidation continued

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee;
b. Rights arising from other contractual arrangements; and
c. The Company's voting rights and potential voting rights.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting year as of the Parent.

Non-controlling interests principally represent the interest in subsidiaries not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the Company shareholders' equity. The Group's accounting policy for acquisition of non-controlling interests is using the 'entity concept method'. Under this method, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid are recognised directly in equity and attributed to the owners of the Company.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	*Proportion of ownership interest*		*Proportion of voting power held*		*Place of incorporation and operation*	*Principal activity*
	2015	*2014*	*2015*	*2014*		
Manazel International Capital Co. L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Investments in real estate and commercial projects
Manazel International Capital – Jordan L.L.C.	**100%**	100%	**100%**	100%	Jordan	Investments in real estate and commercial projects
Manazel International Capital – Saudi Arabia Ltd.	**100%**	100%	**100%**	100%	K.S.A	Purchase and development of properties for resale or lease
Tatweer Capital Co. L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Properties management and brokerage
Dunes Village L.L.C. *	**99%**	99%	**99%**	99%	U.A.E	Development, sale and management of properties
Manazel Specialists Real Estate L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Real estate management and leasing

2 BASIS OF PREPARATION continued

2.3 Basis of consolidation continued

Name of subsidiary	*Proportion of ownership interest*		*Proportion of voting power held*		*Place of incorporation and operation*	*Principal activity*
	2015	*2014*	*2015*	*2014*		
Census International General Maintenance L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Facility management services
Al Reef Cooling L.L.C	**100%**	100%	**100%**	100%	U.A.E	District cooling
Capital Cooling L.L.C	**100%**	100%	**100%**	100%	U.A.E	District cooling
Capital Mall L.L.C	**100%**	100%	**100%**	100%	U.A.E	Management services
Al Reef Capital Real Estate	**100%**	100%	**100%**	100%	U.A.E	Investments in real estate and commercial projects

*1% non-controlling interest in Dunes Village L.L.C is entitled to 40% share of profits of Dunes Village L.L.C. In the event of loss the Company takes 99% share of loss.

The shares of Tatweer Capital Co. L.L.C. are registered in the name of two of the Company's directors. The two directors have collateralised their share fully in favour of the Company and empowered the Company to act by proxy in respect of the total shares with an assignment of all rights and obligations relating to the shares of the Company. The proxy is irrevocable unless otherwise agreed in writing by the Company's Board of Directors.

2.4 Changes in accounting policies and disclosures

The Group's accounting policies are same as those applied in the consolidated financial statements as at and for the year ended 31 December 2014, except for the early adoption of IFRS 15 'Revenue from contracts with Customers' and the adoption of amendments to certain IFRSs.

The application of these new standards and amendments, other than IFRS 15 and revaluation of land included under capital work in progress, did not have a material impact on the consolidated financial statements of the Group.

IFRS 15: Revenue from contracts with customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group has adopted IFRS 15 in advance of its compulsory effective date. The Group has chosen 1 January 2015 as the date of initial application and opted for the modified retrospective application allowed in the transitional provisions of IFRS 15. Under this transition method, the Group should recognise the cumulative effect of initial application of IFRS 15 as an adjustment to the opening balance of retained earnings of the current year for those contracts that are not completed contracts at the date of initial application. The impact of change in accounting policy as at 1 January 2015 is nil, as there were no incomplete contracts at the date of initial application. The revised revenue recognition policy for the Group is set out in note 3.

2 BASIS OF PREPARATION continued

2.4 Changes in accounting policies and disclosures continued

If IFRS 15 had not been adopted, the consolidated income statement for the year ended 31 December 2015 would have been impacted by a decrease in net income of AED 6 million as enumerated below:

	As per IFRS 15 AED'000	*As per the old policy AED'000*	*Impact due to the change AED'000*
Year ended 31 December 2015:			
Revenue	**739,932**	**628,490**	**111,442**
Cost of revenue	**(496,026)**	**(390,626)**	**(105,400)**
Net profit for the year	**195,468**	**189,426**	**6,042**
As at 31 December 2015:			
Development work in progress	**262,760**	**368,160**	**(105,400)**
Earnings per share			
Basic and diluted earnings per share (in AED per share)	**0.078**	**0.076**	**0.002**

Revaluation of land
The Group re-assessed its accounting for property, plant and equipment with respect to measurement of land. The Group has previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

During 2015, the Group elected to change the method of accounting of certain properties classified as property, plant and equipment, since the Group believes that revaluation model more effectively demonstrates the financial position of the properties. Under the new accounting policy, after initial recognition, the Group uses the revaluation model, whereby land will be measured at fair value at the date of the revaluation less any subsequent impairment losses. The Group applied the revaluation model prospectively.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The application of this amendment did not have a material impact on the consolidated financial statements of the Group.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment clarifies that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. It also clarifies that the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The application of this amendment did not have a material impact on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION continued

2.4 Changes in accounting policies and disclosures continued

Annual Improvements 2010-2012 Cycle
With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these stand-alone financial statements. They include:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. This amendment is not relevant to the Company.

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment is not relevant to the Company.

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarify that:

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

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment is not relevant to the Company.

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

2 BASIS OF PREPARATION continued

2.4 Changes in accounting policies and disclosures continued

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements. They include:

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

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment did not impact the accounting policy of the Company.

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

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not impact the accounting policy of the Company.

The change in accounting estimate relating to property plant and equipment is explained in note 4.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
a) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue recognition continued
For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Rental income
Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Revenue from district cooling services
Revenue from district cooling services comprises of available capacity and variable output provided to customers and is recognised when services are provided.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Service charges and expenses recoverable from tenants
Service charges and related income for services rendered to tenants are recognised when such services are rendered.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank balances and short term deposits with an original maturity of three months or less.

Trade receivables
Trade receivables are stated at original invoice amount less a provision for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Properties held for sale
Properties acquired with the intention of sale are classified as properties held for sale. Properties held for sale are stated at cost or at net realisable value, whichever is lower. Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities that are necessary to get the assets ready for the intended use are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Investments carried at fair value through other comprehensive income
Investments carried at fair value through other comprehensive income are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains and losses arising on disposal are recognised in consolidated statement of comprehensive income and dividend income is credited to consolidated income statement when the right to receive the dividend is established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Development work-in-progress
Property being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:
- Freehold and leasehold rights of land;
- Amounts paid to contractors for construction;
- Financing costs, planning and design costs, costs of site preparation, professional fees and legal services, property transfer changes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion and the estimated costs to sell.

The costs of inventory recognised in income statement on disposal is determined with reference to the specified costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Investment property
Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease arrangement is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer of taxes, professional fees for legal services, initial leasing commissions and other incidental costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains and losses arising from changes in the fair values are included in the consolidated income statement in the period in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated income statement in the year of retirement or disposal.

Gains and losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous consolidated financial statements.

Transfer to, or from investment property shall be made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value, other than land included in capital work in progress which is carried at revalued amount. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in consolidated income statement as incurred. Land is not depreciated.

The cost of property, plant and equipment is their purchase cost together with any incidental costs of acquisition.

Depreciation is charged so as to write off the cost of property, plant and equipment on a straight line basis over the expected useful economic lives of the assets concerned as follows:

District cooling plants	40 years
Furniture and fixtures	4 years
Leasehold building improvements	4 to 10 years
Computers and software	3 years
Office equipment	4 years
Motor vehicles	4 years
Office building	30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. During 2015, the estimate of useful life of district cooling plants has been changed from 25 years to 40 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated income statement in the year the asset is derecognised.

Capital work in progress is recorded at cost incurred by the Group for the construction of the assets. Allocated costs directly attributable to the construction of the assets are capitalised. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and available for use.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees' end of service benefits
The Group provides for end of service benefits of its non-UAE national employees in accordance with UAE labour law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for UAE citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if the right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease arrangement include a promise from the lessor to transfer substantially all the risks and rewards of ownership to the lessee, upon expiry or early termination of the lease. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Contingent rents are recognised as revenue in the period in which they are earned.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (as benefits of these assets are owned by the lessee). The corresponding liability is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of return on the remaining balance of the liability. Finance charges are charged directly to the consolidated income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on financing costs.

A leased asset is depreciated over the useful life of the asset, however, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Where operating leases relate to plots of land on which the Group is constructing its development properties, the lease payments are allocated to the cost of development work-in-progress on a straight line basis over the construction period which represents the time pattern of the Group's benefits. For all other operating leases, lease payments are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into operating lease are also spread on a straight-line basis over the lease term.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currencies
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in UAE Dirhams (AED) which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except for:

- Exchange differences on foreign currency fundings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to financing costs on those foreign currency fundings;
- Exchange differences on transactions entered into in order to hedge in a Shari'a-compliant way certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in consolidated income statement and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

The assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translations are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

Financing costs
Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific financings pending their expenditure on qualifying assets is deducted from the financing costs eligible for recognition.

All other financing costs are recognised in consolidated income statement in the period in which they are incurred.

Impairment of non-financial assets
At end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of non-financial assets continued
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the revaluation decrease will include impairment. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated income statement in those expenses categories consistent with the function of the impaired asset.

An assessment is made at each reporting date for each asset as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Provisions
Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Fair value of financial instruments
For investments traded in an active market, fair value is determined by reference to quoted market bid prices. Fair values of financial instruments where there is not an active market are estimated using valuation methods such as net present values of future cash flows.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment, development work-in-progress and/or property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, development work-in-progress and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16, and IAS 40, in particular, the intended usage of property as determined by management and approved by the Company's Board of Directors.

Transfer from and to investment properties

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

Classification of financial assets

Management decides on acquisition of a financial asset whether it should be classified as amortised cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

Reimbursement of infrastructure-related costs

The Group, being master developer for real estate projects, incurs certain infrastructure-related costs relating to development of projects which are reimbursable by government and related authorities as per the memorandum of understanding and / or acknowledgements by such government-related authorities. Determination of the amount of reimbursement of costs recoverable from government authorities requires significant judgement. The management takes into account the latest communications with the related government-related authorities. As at 31 December 2015, the Group has recognised an amount of AED 491 million (2014: AED 491 million) representing costs reimbursable by the relevant authorities. Any difference between the amounts actually reimbursed by the government-related authorities in future periods and the amounts expected will be recognised in the consolidated income statement.

Estimation and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of accounts receivable

An estimate of the collectable amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade accounts receivable were AED 79 million (2014: AED 83 million), with a provision for doubtful debts of AED 1 million (2014: AED 1 million recognised). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Estimation and assumptions continued

Valuation of unquoted investments
Such assets primarily consist of investments in private equity investments and co-investment in funds and are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines, including but not limited to current market value of another instrument which is substantially the same or expected cash flows of the underlying net asset base of the investment. This determination requires significant estimates and judgement with respect to future earnings, cash flows and discount rates. In making these estimates, the Group evaluates, among other factors, expected cash distributions as well as the business outlook for each investment together with relevant market risk and volatility.

Estimation of net realisable value for properties held for sale and development work-in-progress
Properties held for sale and properties classified under development work-in-progress are stated at the lower of cost or net realisable value (NRV). NRV is assessed by independent real estate valuation consultants with reference to market conditions and prices for similar properties existing at the end of the reporting period, off-plan sales prices, costs of completion etc at the end of the reporting period. As a result of the NRV assessment, a reversal of impairment loss of AED 4.5 million relating to properties held for sale and development work-in-progress was recognised in the consolidated income statement during the year (2014: reversal of impairment loss of AED Nil).

Due to the limited number of comparable market transactions, the independent real estate valuation consultants of the Group have used significant judgement in arriving at the NRV of properties held for sale and development work in progress. The realisable values may significantly differ from the current estimates made by the independent real estate valuation consultants.

Estimation of fair value of investment properties
The fair value of investment properties is determined by independent real estate valuation consultants based on methods such as the Comparative Method of Valuation, the Hypothetical Development Approach, and the Income Capitalisation Method.

Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual values realised.

Under the Comparative Method of Valuation the fair value is determined by considering recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices.

The Hypothetical Development Approach requires the use of estimates such as future cash flows from assets (such as selling and leasing rates, future revenue streams, construction costs and associated professional fees and financing cost), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the Income Capitalisation Approach, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

The determination of the fair value of revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Estimation and assumptions continued

Estimation of fair value of investment properties continued
The continuing volatility in the global financial system and in the real estate industry has contributed to the significant reduction in transaction volumes in the UAE. Therefore, in arriving at their estimates of market values as at 31 December 2015 the valuers have used their knowledge and professional judgement and have not only relied solely on historic transactional comparables. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating market values of investment properties.

As a result of the fair value assessment, an increase in fair value of AED 67 million (2014: Increase in fair value of AED 27 million) has been recognised in the consolidated income statement for the year.

Impairment of capital work in progress
Impairment testing of capital work in progress requires an estimation of the value in use of the cash-generating units. The value in use requires the Group to estimate the future cash flows, terminal value of the assets, cost to complete the construction of the assets, and choose a suitable discount rate in order to calculate the present value of the cash flows.

At the reporting date, gross capital work in progress was AED 1,058 million (2014: AED 67 million). Impairment provided during the year amounts to AED Nil (2014: AED Nil). Any difference between the amounts actually realised in future periods and the amounts expected to be realized will be recognised in the consolidated income statement

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

During the year, the Group's management reviewed the useful life over the district cooling plants. This review resulted in the revision of the useful life estimate to be increased from 25 years to 40 years. The below table respresents the impact on the depreciation had the earlier estimate for the useful life of the district cooling plants been continued during the period:

Consolidated income statement

	Current useful life of 40 years AED'000	*Previous useful life of 25 years AED'000*	*Impact due to the change AED'000*
Year ended 31 December 2015:			
Depreciation charge for the year	**6,647**	**10,886**	**(4,239)**

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by subcontractors and the cost of meeting other contractual obligations to the customers.

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

5 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The management intends to adopt these standards, if applicable, when they become effective. The management anticipates that the adoption of these standards interpretations and amendments, with the exception of IFRS 16, will have no material impact on the consolidated financial statements of the Group.

	Effective for annual periods beginning on or after
Standards, interpretation and amendments	
IFRS 16 Leases	1 January 2019
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements 2012-2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
Amendments to IAS 1 Disclosure Initiative	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016

IFRS 16 has been issued in January 2016 and it supersedes IAS 17. IFRS 16 introduces a single model for accounting of lease and requires lessees to recognise assets and liabilities for most leases, whereas the accounting for the lessor has remained substantially unchanged. The Group is assessing the impact of adopting IFRS 16. The adoption of the standard will result in recognition of additional assets and liabilities for leases where the Group is a lessee.

6 REVENUE AND COST OF REVENUE

	2015 AED'000	2014 AED'000
Revenue		
Sale of properties	**582,061**	595,235
Property management fees	**8,940**	11,030
Rental income	**56,995**	58,703
Revenue from district cooling services	**25,392**	21,879
Transfer fee income	**21,043**	12,406
Facility management services and others	**45,501**	39,356
	739,932	738,609
Cost of revenue		
Cost of properties sold, net	**409,301**	444,057
Operating cost of rental properties	**52,973**	33,021
Cost of district cooling services	**19,924**	18,652
Cost of facility management services	**13,828**	11,397
	496,026	507,127

Cost of properties sold is recorded net of an amount waived by a contractor of AED 68,182 thousand (2014: Nil).

In arriving at the cost of properties sold, the Company has taken into account that the Government related entities will reimburse the infrastructure costs incurred by the Company on various developments amounting to AED 561 million. The management supported by the Board of Directors is in discussions with Abu Dhabi Water and Electricity Authority and other government related entities relating to recovery of infrastructure costs. The Company received an amount of AED 68 million during the year ended 31 December 2011, AED 1 million during the year ended 31 December 2013 and AED 1 million during the year ended 31 December 2014 and the remaining AED 491 million have been claimed.

On 13 January 2015, the Company received a letter from Abu Dhabi Urban Planning Council informing the Company of the decision by the Executive Council dated 16 December 2014 in respect of the transfer and receipt of the infrastructure assets of the developed projects in Abu Dhabi. The Company has been asked to co-operate with the Abu Dhabi Urban Planning Council in order to submit a report to the Executive Council.

7 FINANCE COSTS

	2015 AED'000	2014 AED'000
Finance costs incurred during the year	**63,908**	66,295
Unwinding of discount of payable	**25,633**	-
Finance cost charged to income statement	**(59,487)**	(66,295)
Finance cost capitalized (note 14)	**30,054**	-

8 EXPENSES

8.1 GENERAL AND ADMINISTRATIVE EXPENSES

	2015 *AED'000*	*2014* *AED'000*
Payroll and employees related expenses	**48,568**	32,315
Depreciation	**2,507**	2,422
Rent expense	**2,254**	587
Legal and professional charges	**139**	8,011
Commission expenses	**-**	929
Transportation expenses	**902**	527
Communication expenses	**849**	1,277
Other expenses	**10,809**	7,472
	66,028	53,540

8.2 SELLING AND MARKETING EXPENSES

	2015 *AED'000*	*2014* *AED'000*
Exhibitions	**4,231**	5,559
Mall advertisements	**422**	2,000
Project and others	**10,244**	2,287
	14,897	9,846

9 OTHER INCOME

	2015 *AED'000*	*2014* *AED'000*
Forfeited advances relating to properties	**621**	7,636
Reversal of provisions for trade receivables (note 11)	**-**	10,000
Reversal of excess accruals related to completed projects	**21,366**	-
Others	**10,232**	4,204
	32,219	21,840

10 CASH AND CASH EQUIVALENTS

	2015 *AED'000*	*2014* *AED'000*
Cash and bank balances	**15,069**	25,873
Restricted deposits	**25**	25
	15,094	25,898
Restricted deposits	**(25)**	(25)
	15,069	25,873

Included in cash and bank balances are bank deposits of AED 25 thousand (2014: AED 25 thousand) held with an Islamic bank in Abu Dhabi. They can only be utilised for certain specific activities.

11 TRADE AND OTHER RECEIVABLES

	2015	2014
	AED'000	*AED'000*
Trade receivables	**79,370**	83,485
Provision for impaired receivables	**(993)**	(979)
	78,377	82,506
Prepayments	**33,595**	34,832
Advances to contractors	**128,738**	9,393
Receivable from sale of properties	**220,352**	137,540
Advances for purchase of properties	-	49,471
Receivable from home owners	-	3,307
Rent receivable	**23,568**	20,606
Others	**10,715**	9,366
	495,345	347,021

As at 31 December 2015, trade receivables at nominal value of AED 993 thousand (2014: AED 979 thousand) were impaired.

Movements in the provision for impairment of trade receivables were as follows:

	2015	2014
	AED'000	*AED'000*
At 1 January	**979**	10,107
Charge for the year	**14**	872
Reversal during the year (note 9)	-	(10,000)
At 31 December	**993**	979

As at 31 December, the ageing of unimpaired trade receivables is as follows:

		Past due but not impaired				
	Total	*< 30 days*	*31 - 90 days*	*91 – 180 days*	*181 – 365 days*	*> 365 days*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
2015	**78,377**	**64,200**	**5,814**	**3,471**	**2,840**	**2,052**
2014	82,506	67,582	6,120	3,654	2,990	2,160

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

12 PROPERTIES HELD FOR SALE

Properties held for sale comprise:

	2015 *AED'000*	*2014* *AED'000*
Residential properties	-	380,571
Commercial properties	**5,902**	229,290
	5,902	609,861

Movement in properties held for sale is as follows:

	2015 *AED'000*	*2014* *AED'000*
Balance at 1 January	**609,861**	621,864
Additions during the year	**120,003**	109,327
Transfer to property, plant and equipment (note 16)	**(605,128)**	-
Reversal of impairment during the year	**4,502**	-
Disposals during the year	**(123,336)**	(121,330)
Balance at 31 December	**5,902**	609,861

The Group has reviewed the carrying values of the properties held for sale with reference to their net realisable amount as on 31 December 2015. A reversal of impairment amounting to AED 4,502 thousand has been recognised in the consolidated income statement during the year (2014: nil). The net realisable amount for impairment assessment has been determined based on valuations performed by independent real estate valuation consultants using the direct comparison approach.

Additions in properties held for sale in 2015 mainly represented three properties purchased for a consideration of AED 120,003 thousand. (2014: Additions in properties held for sale mainly represented three properties purchased for consideration of AED 107,863 thousand).

13 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2015 *AED'000*	*2014* *AED'000*
Unquoted equities	**7,416**	23,213

Geographical concentration of investments is as follows:

Within UAE	-	-
Outside UAE	**7,416**	23,213
	7,416	23,213

During the year, the Group has disposed of investments amounting to AED 14 million (2014: AED 20 million).

14 DEVELOPMENT WORK-IN-PROGRESS

Development work-in-progress represents development and construction-related costs incurred on properties being constructed by the Group for sale in the ordinary course of business. The movement during the year is as follows:

	2015	*2014*
	AED'000	*AED'000*
Balance at 1 January	**201,839**	291,769
Additions during the year	**336,740**	242,328
Finance cost capitalized (note 7)	**30,054**	-
Cost of properties sold during the year	**(305,873)**	(332,258)
Balance at 31 December	**262,760**	201,839

15 INVESTMENT PROPERTIES

Investment properties comprise the following:

	2015	*2014*
	AED'000	*AED'000*
Residential properties	**122,217**	103,832
Commercial properties	**1,458,817**	1,282,904
Properties under construction	**-**	174,300
	1,581,034	1,561,036

Commercial properties
The Company signed an agreement ("the agreement") with a related party in prior years in respect of a property located in Abu Dhabi. Under the agreement, the Company is required to construct, develop and manage the property. In return, the Company is entitled to the gross lease income net of operating cost arising from the property after deduction of a payment of 30% of "net profit" (as defined in the agreement) to the related party for a period of 30 years.

The consideration paid by the Company has been included as part of the cost of the property. The agreement contains a lease in accordance with IFRIC 4 - *Determining whether an Arrangement contains a Lease* and is held under operating leases. Accordingly, the property has been classified under Investment Property with changes in fair value based on the Company's entitlement arising from the agreement taken to the consolidated income statement.

Movement in investment properties during the year is as follows:

	2015	*2014*
	AED'000	*AED'000*
Balance at 1 January	**1,561,036**	1,733,414
Additions	**19,845**	24,904
Sale of properties against acquisition of non controlling interest (note 31)	**-**	(160,048)
Disposals	**(66,500)**	(64,534)
Changes in fair value during the year, net	**66,653**	27,300
Balance at 31 December	**1,581,034**	1,561,036

The fair value of investment properties at 31 December 2015 has been arrived at on the basis of a valuation carried out by independent real estate valuation consultants. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards and the relevant statements of the International Valuations Standards, was arrived at by using recognised valuation methods comprising the Comparative Method of Valuation, Income Capitalisation Method and Hypothetical Development Approach.

16 PROPERTY, PLANT AND EQUIPMENT

	Office building AED'000	*Furniture and fixtures AED'000*	*District cooling plant AED '000*	*Leasehold building improvement AED'000*	*Computers and software AED'000*	*Office equipment AED'000*	*Motor vehicles AED'000*	** Capital work in progress AED'000*	*Total AED'000*
2015									
Cost / revaluation:									
At 1 January 2015	21,587	34,258	288,075	5,429	7,531	2,790	703	66,810	427,183
Additions	-	251	-	1,382	875	532	250	1749	5,039
Transfers from property held for sale	-	-	-	-	-	-	-	605,128	605,128
Revaluation gain	-	-	-	-	-	-	-	384,269	384,269
At 31 December 2015	21,587	34,509	288,075	6,811	8,406	3,322	953	1,057,956	1,421,619
Depreciation:									
At 1 January 2015	839	33,073	16,015	1,050	6,277	2,602	375	-	60,231
Charge for the year	799	438	6,647	397	610	103	159	-	9,153
At 31 December 2015	1,638	33,511	22,662	1,447	6,887	2,705	534	-	69,384
Net carrying amount:									
At 31 December 2015	19,949	998	265,413	5,364	1,519	617	419	1,057,956	1,352,235
2014									
Cost:									
At 1 January 2014	27,156	34,064	288,075	5,429	10,238	2,625	545	66,782	434,914
Additions	-	79	-	-	974	231	158	28	1,470
Reclassification	-	115	-	-	(49)	(66)	-	-	-
Write off	-	-	-	-	(3,632)	-	-	-	(3,632)
Disposals	(5,569)	-	-	-	-	-	-	-	(5,569)
At 31 December 2014	21,587	34,258	288,075	5,429	7,531	2,790	703	66,810	427,183
Depreciation:									
At 1 January 2014	149	32,644	5,129	676	9,432	2,515	227	-	50,772
Charge for the year	907	429	10,886	374	477	87	148	-	13,308
Write off	-	-	-	-	(3,632)	-	-	-	(3,632)
Disposals	(217)	-	-	-	-	-	-	-	(217)
At 31 December 2014	839	33,073	16,015	1,050	6,277	2,602	375	-	60,231
Net carrying amount:									
At 31 December 2014	20,748	1,185	272,060	4,379	1,254	188	328	66,810	366,952

* Capital work in progress includes carrying amount of related land.

16 PROPERTY, PLANT AND EQUIPMENT continued

Depreciation charge for the year has been reflected in cost of revenue from district cooling services and general and administrative expenses as follows:

	2015 ***AED'000***	*2014* *AED'000*
General and administrative expenses (note 8)	**2,507**	2,422
Cost of district cooling services (note 6)	**6,646**	10,886
	9,153	13,308

During the year, the Group adopted the revaluation model of IAS 16. The revalued properties consist of land plots held by the Group as property, plant and equipment.

The fair value of land carried under revaluation model as at 31 December 2015 has been arrived at on the basis of a valuation carried out by independent real estate valuation consultant. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards and the relevant statements of the International Valuations Standards, was arrived at by using recognised valuation methods.

17 SHARE CAPITAL

Share capital comprises 2,500,000 thousand authorised, issued and fully paid up ordinary shares with a par value of AED 1 each.

18 STATUTORY RESERVE

As required by the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of the Company, 10% of the profit for the year shall be transferred to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not available for distribution.

19 TRADE AND OTHER PAYABLES

	2015 ***AED'000***	*2014* *AED'000*
Trade payables	**39,068**	13,832
Notes payable	**248,487**	276,460
Dividend payable	**94,524**	110,827
Accruals	**90,218**	111,045
Due to related parties (note 24)	**7,078**	7,459
Deferred income	**13,026**	9,677
Finance costs payable	**9,121**	19,738
Refundable deposit	**12,502**	10,752
Others	**3,776**	3,521
	517,800	563,311

20 ISLAMIC FINANCING

Financing from banks is represented by the following facilities:

	Expected profit	*Maturity*	*2015 AED'000*	*2014 AED'000*
Islamic financing arrangement 1	Variable rate	2013 to 2022	**300,550**	327,073
Islamic financing arrangement 2	Variable rate	2015 to 2030	**715,286**	513,225
Islamic financing arrangement 3	Variable rate	2015 to 2016	**25,000**	-
			1,040,836	840,298

Movements in Islamic financing during the year are as follows:

	2015 AED'000	*2014 AED'000*
Balance at the beginning of the year	**840,298**	901,938
Islamic financing obtained	**330,194**	-
Islamic financing paid	**(129,656)**	(61,640)
Balance at the end of the year	**1,040,836**	840,298

Islamic financing are secured by a number of security documents including registered mortgages over various properties in Abu Dhabi and assignment of rental proceeds.

21 ADVANCES FROM CUSTOMERS

Advances from customers represent collections made from customers in respect of sales of properties under development.

22 EMPLOYEES' END OF SERVICE BENEFITS

Movement in provision for employees' end of service benefits is as follows:

	2015 AED'000	*2014 AED'000*
Balance at 1 January	**2,337**	1,716
Charge for the year	**1,615**	1,115
Paid during the year	**(246)**	(494)
Balance at 31 December	**3,706**	2,337

23 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in calculating the basic and diluted earnings per share computations:

	2015	*2014*
Profit for the year attributable to ordinary equity holders of the Company for basic and diluted earnings per share (*AED '000*)	**195,477**	137,124
Weighted average number of ordinary shares (*'000*)	**2,500,000**	2,500,000
Basic and diluted earnings per share *(AED)*	**0.078**	0.054

The Group does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised.

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

These represent transactions with related parties, i.e. associated companies, major shareholders, directors and key management personnel of the Company and and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the management.

Balances with related parties as at the end of the reporting period comprise:

	2015 *AED'000*	*2014* *AED'000*
Due to related parties:		
Directors	**6,000**	5,600
Others	**1,078**	1,859
Total amount due to related parties (note 19)	**7,078**	7,459

Significant transactions with related parties during the year were as follows:

Ancillary fees for the Board of Directors' special efforts	**17,000**	14,000
Reversal of prior year accrual of AED 5,600 thousand	**(5,600)**	-
Net ancillary fees for the Board of Directors' special efforts	**11,400**	14,000
Key management remuneration	**11,458**	4,094
Number of key management personnel	**8**	5
Consultancy costs paid to a related party - capitalised in development work in progress	**11,250**	-

25 CONTINGENCIES AND COMMITMENTS

Commitments
Development expenditure contracted for at the end of the reporting period but not provided for is as follows:

	2015 *AED'000*	*2014* *AED'000*
Development work-in-progress, investment properties under construction and capital work in progress	**758,558**	21,974

Contingent liabilities
There are certain claims under litigation against the Group. Although it is not possible at this time to predict the outcome of these claims, management does not expect that these claims will have a material adverse effect on the Group's financial position.

26 RISK MANAGEMENT

26.1 Capital management

The Group's policy is to maintain a strong capital base to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of healthy capital ratios.

The Group's strategy for monitoring capital is based on the gearing ratio. This ratio is calculated as net debt divided by total equity.

Gearing ratio

	2015 *AED'000*	*2014* *AED'000*
Islamic financing	**1,040,836**	840,298
Bank balances and cash	**(15,094)**	(25,898)
Net debt	**1,025,742**	814,400
Equity attributable to owners of the Company	**2,601,671**	2,015,581
Gearing ratio (%)	**39%**	40%

The Group's policy is to keep its gearing ratio within acceptable limits. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

26.2 Financial risk management objectives

The Group is exposed to credit risk, liquidity risk, market risk and profit rate risk. The Group's treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group by analysing exposures by degree and magnitude of risks.

26.3 Market risk

Market risk arises from fluctuations in profit rates and currency rates. The management monitors the market risk on an ongoing basis and on any significant transaction. Market risk is further analysed into profit rate risk and equity price risk.

26 RISK MANAGEMENT continued

26.4 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the value of financial instruments. The Group is exposed to profit rate risk on its profit-bearing assets and liabilities (Islamic financing).

Profit rates on Islamic financing are constantly monitored for adverse events and further repriced when an appropriate opportunity arises.

Islamic financing carry variable profit rates, however these are subject to a minimum expected fixed profit rate.

26.5 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. Equity price risk arises from equity instruments held as fair value through other comprehensive income. Management of the Group monitors equity securities in its investment portfolio based on changes in fair values. Material investments within the portfolio are managed by qualified fund managers as well as on an individual basis. All buy and sell decisions related to investments are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on other comprehensive income as a result of change in fair value of equity instruments held at fair value through other comprehensive income at 31 December 2015 due to reasonably possible change in fair values, with all other variables held constant, is as follows:

	2015 ***%***	***2015*** ***Effect on other comprehensive income*** ***AED'000***	*2014* *%*	*2014* *Effect on other comprehensive income* *AED'000*
Change in fair value	**+10%**	**741**	+10%	2,321
Change in fair value	**-10%**	**(741)**	-10%	(2,321)

26.6 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables are reviewed on an ongoing basis and provision made for doubtful debts as and when required. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Geographically 100 percent (2014: 100 percent) of the Group's trade receivables are based in United Arab Emirates. Its five largest receivables account for 64% of the trade receivables as of 31 December 2015 (2014: 51%).

The Group has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalments dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk on liquid funds is limited because the counterparties are reputable local banks closely monitored by the regulatory body. The carrying amount reflected in these consolidated financial statements represents the Group's maximum exposure to credit risk for such receivables.

26 RISK MANAGEMENT continued

26.7 Liquidity risk

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve financing facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted repayment arrangements was as follows:

	Up to 1 month AED'000	*1 to 6 months AED'000*	*6 to 12 months AED'000*	*Over 1 year AED'000*	*Total AED'000*
At 31 December 2015					
Trade and other payables	**30,808**	**188,625**	**94,978**	**203,389**	**517,800**
Retentions payable	**7,722**	**8,344**	**1,992**	**-**	**18,058**
Islamic financing	**-**	**66,200**	**50,000**	**1,296,427**	**1,412,627**
Total	**38,530**	**263,169**	**146,970**	**1,499,815**	**1,948,485**
At 31 December 2014					
Trade and other payables	36,264	216,227	90,360	220,460	563,311
Retentions payable	25,600	5,000	1,000	30,481	62,081
Islamic financing	-	7,695	70,290	1,019,334	1,097,319
Total	61,864	228,922	161,650	1,270,275	1,722,711

26.8 Maturity profile

The maturity profile of the assets and liabilities at 31 December 2015 was as follows:

		Amounts expected to be recovered or settled	
	Total AED'000	***Within 12 months of balance sheet AED'000***	***After 12 months of balance sheet AED'000***
Bank balances and cash	**15,094**	**15,094**	**-**
Trade and other receivables	**495,345**	**435,345**	**60,000**
Properties held for sale	**5,902**	**-**	**5,902**
Investments carried at fair value through other comprehensive income	**7,416**	**7,416**	**-**
Development work-in-progress	**262,760**	**158,241**	**104,519**
Recoverable infrastructure costs	**491,017**	**150,000**	**341,017**
Investment properties	**1,581,034**	**-**	**1,581,034**
Property, plant and equipment	**1,352,235**	**-**	**1,352,235**
TOTAL ASSETS	**4,210,803**	**766,096**	**3,444,707**
LIABILITIES			
Trade and other payables	**517,800**	**324,075**	**193,725**
Retentions payable	**18,057**	**18,057**	**-**
Islamic financing	**1,040,836**	**116,747**	**924,089**
Advances from customers	**29,910**	**29,910**	**-**
Employee's end of service benefits	**3,706**	**-**	**3,706**
TOTAL LIABILITIES	**1,610,309**	**488,789**	**1,121,520**

26 RISK MANAGEMENT continued

26.8 Maturity profile continued

The maturity profile of the assets and liabilities at 31 December 2014 was as follows:

		Amounts expected to be recovered or settled	
	Total	*Within 12 months of balance sheet*	*After 12 months of balance sheet*
	AED'000	*AED'000*	*AED'000*
Bank balances and cash	25,898	25,898	-
Trade and other receivables	347,021	347,021	-
Properties held for sale	609,861	3,334	606,527
Investments carried at fair value through other comprehensive income	23,213	-	23,213
Development work-in-progress	201,839	107,357	94,482
Recoverable infrastructure costs	491,017	341,017	150,000
Investment properties	1,561,036	-	1,561,036
Property, plant and equipment	366.952	-	366.952
TOTAL ASSETS	3,626,837	824,627	2,802,210
LIABILITIES			
Trade and other payables	563,311	320,530	242,781
Retentions payable	62,081	62,081	-
Islamic financing	840,298	67,273	773,025
Advances from customers	144,397	144,397	-
Employee's end of service benefits	2.337	-	2.337
TOTAL LIABILITIES	1.612.424	594.281	1.018.143

27 FAIR VALUE

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, investments and trade and other receivables. Financial liabilities of the Group include trade and other payables, retentions payable, due to related parties and Islamic financing. The fair values of the financial assets and liabilities are not materially different from their carrying values.

Fair value measurement recognised in the consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

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

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

27 FAIR VALUE continued

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy:

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
2015:				
Investment properties	-	-	**1,581,034**	**1,581,034**
Investments carried at fair value through OCI	-	-	**7,416**	**7,416**
Total	-	-	**1,588,450**	**1,588,450**
2014:				
Investment properties	-	-	1,561,036	1,561,036
Investments carried at fair value through OCI	-	-	23,213	23,213
Total	-	-	1,584,249	1,584,249

The following table shows a reconciliation of all movements in the fair value of assets categorised within Level 3.

	2015 AED'000	*2014 AED'000*
Balance as at 1 January	**1,584,249**	1,774,531
Additions during the year	**19,845**	24,904
Sales of properties against acquisition of non controlling interest	-	(160,048)
Disposals	**(76,787)**	(84,045)
Net changes in fair value	**61,143**	28,907
Balance as at 31 December	**1,588,450**	1,584,249

Investment properties amounting to AED 1,561 million (2014: AED 1,321 million) have been valued using income capitalisation and hypothetical development approach methods using the following unobservable inputs:

	2015	*2014*
Discount rate (%)	**7.9% - 11.41%**	7.9% - 11.41%
Rent per sqm (AED)	**600 - 4,000**	600 - 4,000
Rental growth rate (%)	**1% - 4%**	1% - 4%
Occupancy rates (%)	**46% - 100%**	32% - 100%

Investment properties amounting to AED 20 million (2014: AED 240 million) have been valued using comparable method of valuation.

Significant parts of the financial investments classified under Level 3 are valued using inputs from external fund managers and it is not practical to disclose the sensitivity of inputs to the valuation techniques used.

During the years ended 31 December 2014 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

28 SEGMENT INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary reporting format, business segments, reflects the manner in which financial information is evaluated by the Board of Directors and the management. Business segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the management of the Company for allocation of resources and performance assessment. Segment performance is evaluated based on gross profit and changes in fair values of investment properties.

28.1 Business Segments

For financial reporting purposes, the Group is organised into five main operating segments:

- Property development and sales
- Investment properties portfolio
- Property management and related activities
- Direct cooling services
- Facility management

28 SEGMENT INFORMATION continued

28.1 Business Segments continued

The following table represents the revenue and profit information for the Group's operating segments for the year ended 31 December 2015 and 31 December 2014.

Year ended 31 December 2015

	Property development and sales AED '000	*Investment properties portfolio AED '000*	*Property management fees and related activities AED '000*	*District cooling services AED '000*	*Facility management and others AED '000*	*Group AED '000*
Revenue	582,061	56,995	29,983	25,392	45,501	739,932
Cost of revenue	(409,301)	(52,973)	-	(19,924)	(13,828)	(496,026)
Reversal of impairment of properties held for sale	4,502	-	-	-	-	4,502
Changes in the fair value of investment properties	-	66,653	-	-	-	66,653
Segment profit	177,262	70,675	29,983	5,468	31,673	315,061
Selling and marketing expenses						(14,897)
General and administrative expenses						(66,028)
Finance costs						(59,487)
Ancillary fees for the Board of Directors' special efforts						(11,400)
Other income						32,219
Profit for the year						195,468

28 SEGMENT INFORMATION continued

28.1 Business Segments continued

Year ended 31 December 2014

	Property development and sales AED '000	*Investment properties portfolio AED '000*	*Property management fees and related activities AED '000*	*District cooling services AED '000*	*Facility management and Others AED '000*	*Total segments AED '000*
Revenue	595,235	58,703	23,436	21,879	39,356	738,609
Cost of revenue	(444,057)	(33,021)	-	(18,652)	(11,397)	(507,127)
Changes in the fair value of investment properties	-	27,300	-	-	-	27,300
Gain on disposal of investment property	-	14,711	-	-	-	14,711
Segment profit	151,178	67,693	23,436	3,227	27,959	273,493
Selling and marketing expenses						(9,846)
General and administrative expenses						(53,540)
Finance costs						(66,295)
Ancillary fees for the Board of Directors' special efforts						(14,000)
Other income						21,840
Profit for the year						151,652

28 SEGMENT INFORMATION continued

28.1 Business Segments continued

The following table represents the assets and liabilities for the Group's operating segments as at 31 December 2015 and 31 December 2014.

	Property development and sales AED '000	*Investment properties portfolio AED '000*	*Property management fees and related activities AED '000*	*District Cooling Services AED '000*	*Facility management and others AED '000*	*Total segments AED '000*	*Unallocated AED '000*	*Consolidated AED '000*
As at 31 December 2015								
Assets	**2,223,118**	**15,792**	**1,610,928**	**291,785**	**9,206**	**4,150,828**	**59,975**	**4,210,803**
Liabilities	**(1,168,344)**	**(55,076)**	**(306,122)**	**(86,084)**	**(3,237)**	**(1,618,863)**	**8,554**	**(1,610,309)**
As at 31 December 2014								
Assets	1,421,168	1,719,879	69,494	298,967	20,389	3,529,897	96,940	3,626,837
Liabilities	(1,153,667)	(352,901)	(35,925)	(31,621)	(7,524)	(1,581,638)	(30,786)	(1,612,424)

28 SEGMENT INFORMATION continued

28.2 Geographical segments

The Group operated only in two geographical segments, i.e., United Arab Emirates and Jordan.

	Total income AED '000	*Total assets AED '000*	*Total income AED '000*	*Total assets AED '000*
United Arab Emirates	**739,932**	**4,115,707**	738,609	3,531,658
Jordan	**-**	**95,096**	-	95,179
	739,932	**4,210,803**	738,609	3,626,837

29 DIVIDEND

No dividends were declared and paid during the year (2014: Cash dividends of AED 0.07 per share amounting to AED 175 million relating to year 2013 was approved by the shareholders in the Annual General Meeting held on 17 April 2014).

30 SOCIAL CONTRIBUTIONS

The social contributions (including donations and charity) made during the year amount to AED 0.33 million (2014: AED 0.25 million).

31 ACQUISITION OF NON CONTROLLING INTEREST

During 2014, the Company entered into an agreement with the minority shareholders of Manazel Specialist Real Estate LLC and Census International Company LLC and acquired the shares held by the minority shareholders for a consideration of AED 176,918 thousand. The transaction has resulted in increasing Company's shareholding in these two subsidiaries to 100%. The difference between the share of the net assets acquired and the consideration paid has been charged to equity.

32 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation. Such reclassifications have no effect on the previously reported profit or equity of the Company.