ديار
DEYAAR

ANNUAL REPORT 2015

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CHAIRMAN'S MESSAGE

Dear shareholders,

One of Deyaar's highlights during the past year is our continued commitment to focus on meeting the growing market demand and the clients' needs and requirements. The company has made remarkable progress in a number of projects that contribute to bridging the demand gap between various investors and buyers, while also keeping up with the Dubai Government's strategy for economic diversification, where the real estate sector makes up one of its most important components.

In terms of specifics, the rise of Dubai's fast-growing real estate market created a need for units in diverse market segments, especially for middle-income segment. Deyaar has been actively working to fulfil this demand with our new projects, such as the residential Afnan District within our Midtown development. This development provides middle-income investors and end users with beneficial opportunities to participate in Dubai's real estate market.

Deyaar has also taken the decision to enter the hospitality segment as a direct response to Dubai's call for greater investment in developing realty solutions that serve the UAE's rising tourist footfall. As such, Deyaar signed a memorandum of understanding with Millennium & Copthorne Hotels MEA, an international hotel management company, to establish a strategic alliance for developing and operating hospitality projects in the UAE.

Additionally, we signed a memorandum of understanding with Turkey's Aşçıoğlu Group, a prime developer known for shaping significant real estate projects in Istanbul. The memorandum of understanding highlights Deyaar's strategy to expand its presence in the wider Middle East region and allows the Aşçıoğlu Group to leverage Deyaar's local networks and explore investment opportunities in Dubai.

We achieved a consolidated net profit of AED 291.35 million during the year, up 3.4 percent from 2014 and the value of our assets have reached AED 6.23 billion during the year.

In the coming year, we will continue to launch projects and provide services that fit the demand trends of the Dubai real estate market. We also remain committed to conform to industry regulatory authorities through the coming years.

The five year strategy we have in place intends to introduce more innovative designs, value engineering and achieve cost saving while closely monitoring potential operational risks.

In addition to Deyaar's developments and services, the company is keen on supporting those in need from all around the world, drawing inspiration from the UAE's wise visionary leadership, who have always extended a helping hand to everyone. Our agreement with Dubai Cares is evidence of the corporate social responsibility that Deyaar implements and positions at the heart of its growth strategy.

In conclusion, 2016 will naturally witness further success following the achievements of previous years and we will keep progressing our directives and strategy according to the demand of our customers and to help our trusted investors attain the finest returns.

Mr. Abdullah Ali Obaid Al Hamli
Chairman
Deyaar Development PJSC

BOARD OF DIRECTORS

Mr. Abdullah Ali Obaid Al Hamli
Chairman

Mr. Abdullah Ali Obaid Al Hamli is the Managing Director of Dubai Islamic Bank PJSC and the Chairman of the Board at Emirates REIT. He served as the Director of Information Systems at the Dubai Ports Authority and Jebel Ali Free Zone. He has completed various international professional development programmes and earned a Bachelor of Science with majors in Economics and Mathematics from Al Ain University.

Mr. Abdullah Ebrahim Lootah
Vice Chairman

Mr. Abdullah Ebrahim Saeed Lootah has been the Vice Chairman of the Lootah Group of Companies since 1999. Abdullah has obtained a Bachelor's degree in Business Administration from the Higher Colleges of Technology.

H.E. Khalifa Suhail Juma Al Zaffin
Member

His Excellency Khalifa Al Zaffin, Executive Chairman of Dubai Aviation Corporation and Dubai Aviation Engineering Projects, serves as a board member of the Executive Council for Infrastructure Affairs, Dubai World Trade Centre and Cleveland Bridge. He is a graduate of Arizona State University and holds a Bachelor of Science degree in Chemical Engineering.

Dr. Adnan Chilwan
Member

Dr. Adnan Chilwan is the Chief Executive Officer of Dubai Islamic Bank PJSC. Dr. Chilwan has a PhD in Marketing to his credentials from the American University in London. He is a Certified Islamic Banker (CeIB), a Post Graduate in Islamic Banking & Insurance and an Associate Fellow Member in Islamic Finance Professionals Board. He served as the Head of the Marketing Department at Qatar Islamic Bank.

Mr. Mohamed Al Nahdi
Member

Mr. Mohamed Abdulla Amer Al Nahdi serves as Chief Operating Officer of Dubai Islamic Bank PJSC. He also serves as a Board Member at Dubai Islamic Bank of Khartoum, Pakistan and Tamweel. Al Nahdi previously served as Senior Manager, Personal Banking at HSBC and Chief Retail Banking Officer at Dubai Bank. Al Nahdi graduated from University of Baghdad in 1981 with a Bachelor of Science in Accounting and Management.

Mr. Mohamed Al Sharif

Member

Mr. Mohamed Al Sharif serves as Chief of Investment Banking at Dubai Islamic Bank PJSC. Al Sharif holds a Master of Science (MS) in Accounting from the Catholic University of America, and is an accredited CPA from the Virginia State Council.

Mr. Saif Al Yarabi

Member

Mr. Saif Sulaiman Al Yarabi serves as the Chief Financial Officer of Kerzner International (responsible for the management of One&Only Hotels and Atlantis, The Palm). Al Yarabi previously served as the Chief Financial Officer of Alizz Islamic Bank in Oman. Prior to this, he served as Financial Director of the Investment Corporation of Dubai (ICD). He also worked for Ernst & Young as an Executive Director. He is a Fellow Certified Chartered Accountant (FCCA) from UK.

Mr. Saif Al Khatri

Member

Mr. Saif Bin Ali Al Khatri serves as a Director of Government Communications at the Ministry of Finance. Mr. Al Khatri holds a Bachelor of Science in Economic and Management from UAE University. He had previously served as Director of Finance and Accounting Policies and Standards as well as an Economic Researcher at the Ministry of Finance.

Mr. Obaid Lootah

Member

Mr. Obaid Nasser Lootah holds a Bachelor's degree in Business Administration from UAE University. Vice President of the Private Real Estate Developments Department at Dubai Islamic Bank, he is also a board member at the Arady Developments.

LEADING BY EXAMPLE

CORPORATE GOVERNANCE

1 Implementation of corporate governance guidelines

In Deyaar Property Development, we are proud of applying the highest standards and best practices in the field, as well as complying with rules and regulations on organising and managing public joint-stock companies in all activities and operations.

The Board of Directors convened six times during the current year, in addition to carrying on the designated tasks as per the governance guide and ministerial directive.

In accordance with the company's disclosure and communicate policy towards shareholders, every member of the Board of Directors is required to reveal their ownership of shares in the company. The complete disclosure of all trade done by them or by their first-degree relatives, and of the shares of companies listed in the market was also completed. The company has shown full compliance to disclose its quarterly and annual results within the deadline set by DFM.

The guidelines of corporate governance help ensure the efficiency of the company's internal control system and transparency in all business dealings. The guide dictates the rules and policies adopted by the Board of Directors in their management of the company's business, financial and administrative operations. The governance guide inspires Deyaar to achieve the highest standards of institutional discipline. It highlights the company's commitment in managing matters and issues that are subject to the regulations of the Emirates Securities and Commodities Authority, and federal laws of the UAE, while adhering to the best corporate governance practices worldwide.

The tasks of the Board of Directors have been defined, including the responsibility of supervising the internal inspection system and guaranteeing its efficiency and effectiveness through committees formed by the board.

2 Share trading of Board of Directors and their first-degree relatives in 2015

Members of the Board of Directors are committed to following the company's policy on exchanging securities issued by the company. This policy is included in the company's Corporate Governance Guidelines. The board members are also committed to comply with the prohibition of exchange period stated in the SCA decision concerning the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities. The members are also committed to disclose their transactions, and those of their first-degree relatives, on an annual basis, through the dedicated forms.

As per the statement of the members of the Board of Directors addressed to the company and the letter referenced, 0386/2016, date 20/1/2016, and the letter referenced 0200/2016 dated 12/01/2016 that stated: "Neither any of the Board of Directors members, nor any of their first-degree relatives, had any transactions of Deyaar Property Development securities in 2015".

3 The Company's Board of Directors

"The Board of Directors dedicates all its efforts and expertise to increase the company's performance in line with shareholders and partners' aspirations. These aspirations manifest as decisions that the board works closely with the executive management to follow up on and implement, in order to create sustainable benefits and added value for all. We have developed frameworks for governance to ensure the board's efficiency in its responsibilities towards key issues, as well as to encourage and facilitate its positive contributions. The board delegated certain tasks and responsibilities to specialised committees. Each committee reports its respective recommendations to the board to preserve transparency."

Mr. Abdullah Ali Obaid Al Hamli
Chairman

3.1 Structure of the Company's Board of Directors

The Board of Directors has nine non-executive members in compliance with ministry decision number 518/2009. This is in addition to the fact that the Chairman and majority of members of the board are UAE nationals:

Name	Position	Appointment Date	Qualifications and Experiences
Mr. Abdullah Ali Obaid Al Hamli	Chairman	2008	Mr. Abdullah Ali Obaid Al Hamli is the Managing Director of Dubai Islamic Bank PJSC and the Chairman of the Board at Emirates REIT. He served as the Director of Information Systems at the Dubai Ports Authority and Jebel Ali Free Zone. He has completed various international professional development programmes and earned a Bachelor of Science with majors in Economics and Mathematics from Al Ain University.
Mr. Abdullah Ebrahim Saeed Lootah	Vice Chairman/Head of the Nomination and Remuneration Committee/Member of the Executive Committee/ Independent	2008	Mr. Abdullah Ebrahim Saeed Lootah has been the Vice Chairman of the Lootah Group of Companies since 1999. Abdullah has obtained a Bachelor's degree in Business Administration from the Higher Colleges of Technology.
H.E. Khalifa Al Zaffin	Head of Executive Committee/Member of Nomination and Remuneration Committee/ Independent	2006	His Excellency Khalifa Al Zaffin, Executive Chairman of Dubai Aviation Corporation and Dubai Aviation Engineering Projects, serves as a board member of the Executive Council for Infrastructure Affairs, Dubai World Trade Centre and Cleveland Bridge. He is a graduate of Arizona State University and holds a Bachelor of Science degree in Chemical Engineering.
Mr. Mohamed Al Sharif	Member of the Audit Committee/ Independent	2009	Mr. Mohamed Al Sharif serves as Chief of Investment Banking at Dubai Islamic Bank PJSC. Al Sharif holds a Master of Science (MS) in Accounting from the Catholic University of America, and is an accredited CPA from the Virginia State Council.
Mr. Saif Bin Ali Al Khatri	Member of Audit Committee/ Independent	2010	Mr. Saif Bin Ali Al Khatri serves as a Director of Government Communications at the Ministry of Finance. Mr. Al Khatri holds a Bachelor of Science in Economic and Management from UAE University. He had previously served as Director of Finance and Accounting Policies and Standards as well as an Economic Researcher at the Ministry of Finance.

Mr. Mohamed Al Nahdi	Member of Nomination and Remuneration Committee/Member of the Executive Committee/ Independent	2009	Mr. Mohamed Abdulla Amer Al Nahdi serves as Chief Operating Officer of Dubai Islamic Bank PJSC. He also serves as a Board Member at Dubai Islamic Bank of Khartoum, Pakistan and Tamweel. Al Nahdi previously served as Senior Manager, Personal Banking at HSBC and Chief Retail Banking Officer at Dubai Bank. Al Nahdi graduated from University of Baghdad in 1981 with a Bachelor of Science in Accounting and Management.
Mr. Saif Sulaiman Al Yarabi	Member of the Audit Committee (President)	2010	Mr. Saif Sulaiman Al Yarabi serves as the Chief Financial Officer of Kerzner International (responsible for the management of One&Only Hotels and Atlantis, The Palm). Al Yarabi previously served as the Chief Financial Officer of Alizz Islamic Bank in Oman. Prior to this, he served as Financial Director of the Investment Corporation of Dubai (ICD). He also worked for Ernst & Young as an Executive Director. He is a Fellow Certified Chartered Accountant (FCCA) from UK.
Dr. Adnan Chilwan	Member/ Independent	2009	Dr. Adnan Chilwan is the Chief Executive Officer of Dubai Islamic Bank PJSC. Dr. Chilwan has a PhD in Marketing to his credentials from the American University in London. He is a Certified Islamic Banker (CeIB), a Post Graduate in Islamic Banking & Insurance and an Associate Fellow Member in Islamic Finance Professionals Board. He served as the Head of the Marketing Department at Qatar Islamic Bank.
Mr. Obaid Nasser Lootah	Member of Executive Committee/ Independent	2010	Mr. Obaid Nasser Lootah holds a Bachelor's degree in Business Administration from UAE University. Vice President of the Private Real Estate Developments Department at Dubai Islamic Bank, he is also a board member at the Arady Developments.

3.2 Statement on the percentage of female representation in the Board of Directors

None.

3.3 Statement on the reasons of non-nomination of female board member in 2015

In March 2016, the current Board of Directors step down and handover to the newly elected members. Efforts are taken to strike an appropriate balance between genders, taking into consideration the company's Corporate Governance Guidelines and ensuring that at least one of the nominees is female.

3.4 Board of Directors' remuneration

- The Board of Directors did not receive any kind of remuneration for 2014.
- There is no remuneration recommended for 2015.
- Board of Directors that are members in the committees do not receive any compensations for attending committees' meetings.

Board Member	Compensations for attending Board Directors Meetings	Compensations for attending Audit Committee Meetings	Compensations for attending Nomination Committee	Total
Mr. Abdullah Ali Obaid Al Hamli	AED 150,000	-	-	AED 150,000
Mr. Abdullah Ibrahim Saeed Lootah	AED 150,000	-	-	AED 150,000
H.E. Khalifa Al Zaffin	AED 150,000	-	-	AED 150,000
Mr. Mohamed Al Sharif	AED 125,000	-	-	AED 125,000
Mr. Saif Bin Ali Al Khatri	AED 150,000	-	-	AED 150,000
Mr. Mohamed Al Nahdi	AED 150,000	-	-	AED 150,000
Mr. Saif Sulaiman Al Yarabi	AED 150,000	-	-	AED 150,000
Dr. Adnan Chilwan	AED 150,000	-	-	AED 150,000
Mr. Obaid Nasser Lootah	AED 150,000	-	-	AED 150,000

3.5 Board of Directors meetings

Name	26/01/2015	14/04/2015	30/06/2015 Circular Resolution Meeting No. 3/2015	13/07/2015	26/10/2015	28/12/2015
Mr. Abdullah Al Hamli	✓	✓	Circular Resolution	✓	✓	✓
Mr. Abdullah Lootah	✓	✓	Circular Resolution	✓	✓	✓
H.E. Khalifa Al Zaffin	✓	✓	Circular Resolution	✓	✓	✓
Mr. Mohamed Sharif	✓	✓	Circular Resolution	Absent and Apologised	✓	✓
Mr. Saif Al Khatri	✓	✓	Circular Resolution	✓	✓	✓
Dr. Adnan Chilwan	✓	✓	Circular Resolution	✓	✓	✓
Mr. Obaid Naser Lootah	✓	✓	Circular Resolution	✓	✓	✓
Mr. Mohamed Al Nahdi	✓	✓	Circular Resolution	✓	✓	✓
Mr. Saif Al Yaarbi	✓	✓	Circular Resolution	✓	✓	✓

3.6 Delegation and powers of the executive management

One of the main areas of the Board of Directors' interest is supporting and guiding the executive management to implement the company's strategy within the framework of governance, clearly and transparently. The CEO and the executive management implement the vision, tasks and strategic plans approved by the board.

The Board of Directors delegates a number of specific powers, for a specific period, to the CEO, in line with the company's Articles of Association. The results of the executive management's work are demonstrated to the board as a brief of the company's regular work.

3.7 Related parties' transactions (Stakeholders)

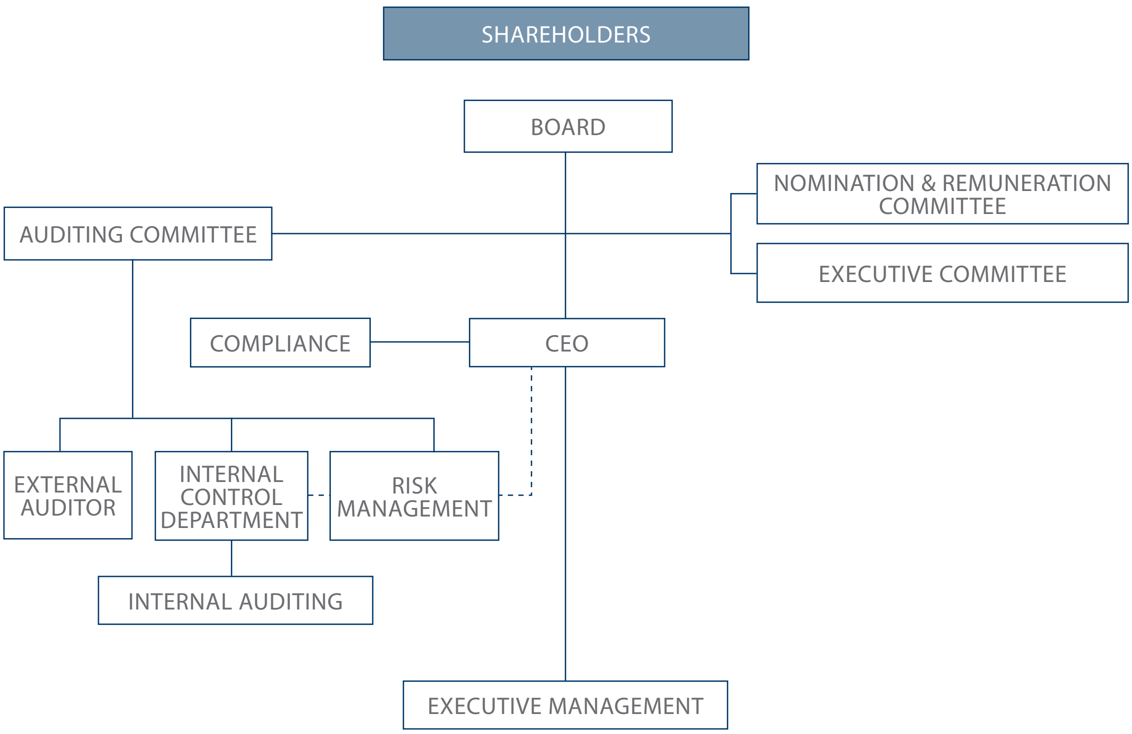
These transactions comprise a party of our company, giving the party the ability to control and exercise influence on key financial and operational decisions taken by the other party. These transactions could lead to possible or real conflicts of interest for the company, giving the impression that work decisions are made based on personal accounts rather than for the interest of the company and its shareholders. However, there are cases in which the transaction with related parties are made in the interest of the company and its shareholders. This is why the company has adopted a policy that provides a framework to review and close transactions with related parties, in the interest of the company and its shareholders. These related parties include main shareholders, main management employees, sister companies, joint ventures, Board members, companies that are directly and indirectly controlled by main shareholders, Board members or decision makers in the management team.

All transactions are completed with related parties based on commercial costs. Services provided to related parties are completed at the benchmark market cost, though the company avoids services to related parties and commits to consistently disclosing these transactions.

Related parties' transactions in 2015

No major transaction was signed with related parties (stakeholders), unless otherwise stated in Article 11 in the notes under the company's 2015 financial statement.

3.8 The Company's corporate governance structure



3.9 The following table lists names of senior executive employees, their job titles, salaries and bonuses

SL No.	Name	Job Title	Date of Appointing	Total Salary in 2015 (AED)	Total Bonuses (AED)
1	Mr. Saeed Mohamed Al Qatami	CEO	01/06/2007	2,066,763.00	800,000
2	Mr. Hawari Marshad	CFO	09/04/2013 Date of Resignation: 10/08/2015	984,691.62	431,483
3	Mr. Hani Khaldoun Fansa	CFO	02/08/2015	481,007.79	0,00

4 External auditor

The company has appointed KPMG as the external auditor. KPMG was approved by a majority of shareholders during the Annual General Meeting for Shareholders. Their fees were fixed at AED 410,000 (Four Hundred and Ten Thousand Emirati Dirhams). KPMG is one of the leading auditing firms in the world, with offices in 155 countries and over 155,000 associates.

KPMG has been the external auditor for Deyaar since 10/03/2014.

KPMG has also provided additional services in accounting consultancy for the international financial reporting standards (IFRS15) for a total fee of US$ 26,500.

UHY Saxena has audited three projects: Deyaar Park, Afnan District, The Atria and Montrose. Auditing was done based on requirements by the Land Department of Dubai. The company received a total fee of AED 19,812.

PwC has reviewed property management services for US$ 60,000 in technical fees.

PwC has also performed an internal review of the real estate department for a total fee of AED 76,167.

5 The Board of Directors' committees

The Board of Directors established three main committees:

5.1 Auditing Committee

"The Auditing Committee is given the honour of appointing external auditors and maintaining a good relationship with them, regularly reviewing accounting offices and financial reports, overseeing the internal control administration, risk management, ensuring the company complies with legal and regulatory requirements, and reviewing accounting practices."
Saif Al Yarabi
Head of the Auditing Committee

(a) Duties and powers of the Auditing Committee

- Developing and implementing the policy on contracting external auditors and issuing a report to the Board of Directors. This report states matters the committee thinks are important to be dealt with, as well as its recommendations about them.
- Ensuring external auditor's independence and objectivity, and discussing the nature of their work, the scope of the auditing process and its efficiency based on approved auditing criteria.
- Ensuring the accuracy of the company's financial data and reports (annual, half-annual and quarter-annual).
- Coordinating with the company's Board of Directors, executive management and CEO or CFO, in order to help them perform their duties. The committee meets with the external auditor at least once a year.

- Reviewing financial and internal control systems and risk management for the company.
- Reviewing the results of key investigations in matters of internal control as per the Board of Directors' instructions, or by an initiative of the committee with the board's approval.
- Ensuring full coordination between internal and external auditors, as well as ensuring that necessary resources are available for internal auditing department and ensuring its efficiency.
- Reviewing financial and accounting policies and procedures of the company, and looking into any important or unusual items that are, or should be, included in those reports.
- Reviewing the external auditor's letter and work plan, and looking into any critical inquiries posed by the auditor to the executive management concerning accounting records, financial accounts or control systems, and the management's response and approval.
- Developing an administrative mechanism that enables employees to secretly report any potential violations by financial or internal control departments, and procedures that enable independent and fair investigations of such violations.

(b) Auditing Committee meetings

The Auditing Committee held five meetings in 2015. The Board of Directors received copies of all these meetings' transcripts. The following table documents members' attendance:

Name	Auditing Committee Meeting 1 18/1/2015	Auditing Committee Meeting 2 14/4/2014	Auditing Committee Meeting 3 13/7/2015	Auditing Committee Meeting 4 11/10/2015	Auditing Committee Meeting 5 12/11/2015
Mr. Saif Al Yarabi	✓	✓	✓	✓	✓
Mr. Mohamed Al Sharif	✓	✓	✓	✓	✓
Mr. Saif Al Khatri	✓	✓	✓	✓	✓

5.2 Executive Committee

"Our role as an executive committee is to review and approve the company's investments in its key businesses based on the company's strategy. Our focus is to enhance the company's performance and value and raise its investment value for the company and the shareholders alike."
H.E. Khalifa Al Zaffin
Head of the Executive Committee

(a) Duties and powers of the Executive Committee

The Executive Committee reviews all the suggestions regarding strategic planning and implementation, realising the Board of Directors' vision within the powers given to the committee by the board. The committee delivers its recommendations that are based on the financial framework approved by the board.

(b) The Executive Committee meetings

The Executive Committee held three meetings in 2015. The following table documents members' attendance:

Name	Title	Executive Committee Meeting 1 29/4/2015	Executive Committee Meeting 2 15/6/2015	Executive Committee Meeting 3 13/12/2015
H.E. Kahlifa Al Zaffin	Head/Independent	✓	✓	✓
Mr. Mohamed Al Nahdi	Member/Non-Independent	×	✓	×
Mr. Obaid Lootah	Member/Non-Independent	✓	✓	✓
Mr. Abdullah Lootah	Member/Independent	✓	✓	✓

5.3 Nomination and Bonuses Committee

"Our role in the Nomination and Bonuses Committee is to develop and review the policy on the salaries and bonuses of the Board of Directors and executive management staff, as well as determining the total compensation in line with approved salaries and bonuses regulations. We are very keen on aligning bonuses with the company's performance. We also develop and review the human resources policy in line with rules and regulations, and follows up on procedures of nominating members to the Board of Directors."
Mr. Abdullah Lootah
Head of the Nomination and Bonuses Committee

(a) Duties of Nomination and Bonuses Committee:

- Constantly ensuring the independence of independent members.
- Developing the company's policy on bonuses, benefits and salaries of the Board of Directors and other employees, and that bonuses and benefits given to the executive management are reasonable and proportional to the company's performance.
- Identifying the company's need for workforce, from senior executive management to regular employees, and the bases on which they are chosen.
- Developing, and annually reviewing, the company's policy on human resources and in-house training.
- Organising procedures of nominating members to the Board of Directors.

(b) Meetings of the Nomination and Bonuses Committee and members' attendance

Name	Title	Nomination and Bonuses Committee Meeting 1 (15/06/2015)
Mr. Abdullah Lootah	Head/Independent	✓
H.E. Khalifa Al Zaffin	Member/Independent	✓
Mr. Mohamed Al Nahdi	Member/Non-Independent	✓

6 Internal control system

The Board of Directors acknowledges its responsibility for the internal control system and constantly making sure of its effectiveness.

The Board of the Company and the Auditing Committee signed the Internal Control Division's guidebook, containing the roles and responsibilities of the Internal Control Division. The Division has an essential role in evaluating the efficiency of internal control mechanisms to support the achievement of goals and profits, as well as to limit risks of assets loss and to guarantee financial statements are reliable.

How internal control works

The Internal Control Division ensures that procedures implemented to supervise operations within the company are designed to suit the needs of the company, and are implemented efficiently based on the annual plan approved by the Auditing Committee elected by the Board.

The Internal Control Division is responsible for issuing reports on the effectiveness and efficiency of internal control systems implemented within the company. The reports are submitted to the management and Auditing Committee, and include thoughts and recommendations on improving these systems.

(a) Roles and responsibilities

The Internal Control Division is responsible for ensuring that the sophisticated processes of supervising the company's operations are designed and implemented in a suitable and effective manner, in line with conditions put in place by the Auditing Committee from time to time. The Internal Control Division is led by the Chief Audit Executive (CAE).

(b) Chief Audit Executive - Name and qualifications

Mr. Bassam Al Ghawi has been the company's CAE since August 2014. He is specialised in internal control with around 21 years of experience in several areas, including internal and external auditing, risk management, corporate governance, and fraud and non-compliance investigation. He holds a BA in Accounting and Economy, a diploma in Risk Management from the American Academy of Financial Management (AAFM), and the following professional certifications: CRMA, CICA, CCO, CIA, CISA, CRISC, CFE and ACPA. Mr. Al Ghawi is a member of the following professional associations/organisations: ASCA, ACFE, ISACA and IIA.

(c) Compliance Officer - Name and qualifications

Mr. Omar Atef Al Azab has been the company's Compliance Officer since 2013. He is responsible for developing the annual plan for compliance control. He holds a PHD in Administrative Law from the World Islamic Sciences and Education University. The title of his PHD thesis was 'Administrative Control of Regulations of Public Joint-Stock Companies'. With several corporate law certificates, he has more than 16 years of experience in corporate law and compliance risk management, especially federal laws, property law and decisions of the SCA and DFM, which got him a 'certified broker' certificate from DFM/ADX. He is also a certified Compliance Officer from SCA. His tasks and responsibilities include making sure the company and its staff's comply with the rules and regulations in place.

(d) How the Internal Control Division handles major issues

The Internal Control Division thoroughly assesses major issues in the company, if existent. The Division identifies the nature of the issue, categorises it based on level of risk, the extent of the issue, and the negative impact affecting the company. To mitigate the issue and prevent it from occurring again, the division presents, to the executive management and Board of Directors, the study on the issue and its recommendations to solve it. The study and recommendations are presented through the Auditing Committee. The Internal Control Division supervises the implementation of the solutions by ensuring decisions made by the Board of Directors are executed and presents regular reports to the Auditing Committee. These reports summarise the auditing activities as follows:

On a quarterly basis: This report includes information about the status and results of the auditing annual plan and the auditors' activities, as well as the results of external quality assessments and management's resources sufficiency.

Twice a year: This report provides a list of key measurement goals (KPIs/balanced registered points ticket) and results versus goals.

On an annual basis: This report evaluates the suitability and effectiveness of the internal control system. The report covers all control rules and regulations, including financial and operational regulations and risk management systems.

The implementation of these recommendations is followed up regularly by issuing a written report when needed.

7 The company's corporate governance policy led to a violation-free year in 2015

The company did not receive any fines or restrictions from the SCA or any other legal authority, concerning any financial markets' issues.

8 Social activities

"We are committed to designing and developing services that meet the needs of all segments of the Emirati society."

Since our inception, we have been keen on supporting and improving our business structure by adopting the best sustainability practices. We have launched and implemented many activities during the last year, because corporate social responsibility is a key element of our company's culture, internal policy and work plans. We consider this responsibility an essential factor in the success and continuity of our mandate to support public internal organisations in line with the policies and procedures regarding the contribution to local community development and preserving the environment. The company will work on supporting more charity projects over the next year, which attests to the company's belief in its social responsibility. The company participated in many initiatives, including the following:

- The company signed a collaboration agreement with Dubai Cares within the 'Build a School' initiative by Dubai Cares. With this agreement, Deyaar will build a school in the western area of Nepal. A team from Deyaar had travelled to Nepal and inaugurated the school building project, to raise awareness about the importance of education in building healthy communities that are able to face today's challenges.

- Deyaar participated in the Earth Hour event by DEWA in March. The event was to turn off unnecessary lights in all buildings the company has. Deyaar also organised several events that aimed at raising awareness, among children and adults, about pressing environmental issues. During the events, Deyaar gave a number of plants to the attendees to encourage audience to preserve the environment and natural resources, in addition to organising several events for children.

- Every year, Deyaar holds a number of events to encourage its employees to have a healthy lifestyle in order to achieve balance between professional and personal life. These events include a 'quit smoking day' and a 'breast cancer' awareness day among other health awareness events, that are in line with the World Health Organisation goals. Moreover, the company paid all expenses for two orphan children at Rashid Centre for Disabled, for a year, as a part of Deyaar's support to organisations dedicated to helping people with special needs.

- Deyaar also contributes to all national celebrations to strengthen the community's sense of national pride, following the inspirational achievements of our fathers, so it can be a role model for next generations in contributing to the successes of the UAE. Among the national celebrations Deyaar contributed, to are Science Day and UAE National Day, as well as religious celebrations, including visits to children in hospitals to celebrate the mid-night of Shaa'ban, and iftars for the staff in Ramadan.

- As a part of its efforts to empower UAE youth, Deyaar launched its exclusive offer to UAE nationals with competitive payment plans for properties in several projects. This initiative aligns with the company's belief of the importance of citizens' investment in the local real estate industry, which contributes to sustainable economic development. Additionally, these offers provide the UAE youth with investment opportunities and helps achieve social stability for UAE families.

9 General information

The company's share price in the stock market (price at closing, highest price, lowest price) at the end of every month of the 2015 financial year:

Month	Highest Price	Lowest Price	Price at Closing
January	0.79	0.75	0.76
February	0.78	0.77	0.77
March	0.63	0.60	0.62
April	0.94	0.92	0.92
May	0.79	0.76	0.77
June	0.81	0.80	0.81
July	0.83	0.82	0.82
August	0.68	0.65	0.67
September	0.65	0.65	0.65
October	0.59	0.59	0.59
November	0.51	0.51	0.51
December	0.51	0.51	0.51

The company's share performance against the overall market indicator and the sector indicator for the year 2015:

Statement of shareholder's shares as of December 31, 2015 (individuals, companies, governments), categorised by Local, Gulf, Arab and Foreign:

Category	Local/United Arab Emirates	Gulf/Gulf Cooperation Countries	Arab	Other Nationalities/ Foreign (non-Arab)
Individuals	35.452%	1.5193%	2.1994%	1.1166%
Banks	41.2316%	0.1105%	0.0051%	0.2218%
Companies	12.4402%	1.5193%	0.2447%	2.7711%
Governments	1.0082%	0	0	0
Individual Institutions	0.0527%	0.005%	0	0
Total	100%			

Statement of shareholders holding 5% and more of the company's capital as of December 31, 2015:

Shareholder	Number of Shares Owned	Ownership Percentage
Dubai Islamic Bank	2,367,999,220	40.983%

Statement of shareholders' distribution based on ownership as of December 31, 2015:

SL No.	Share Ownership (share)	Number of Shareholders	Number of Owned Shares	Owned Shares Percentage of Capital
1	Less than 50,000	29,166	379,775,759	6.12
2	50,000 – less than 500,000	4,440	654,432,609	11.33
3	500,000 – less than 5,000,000	747	915,979,686	15.86
4	More than 5,000,000	76	3,827,811,946	66.25
5	Total	34,429	5,778,000,000	100

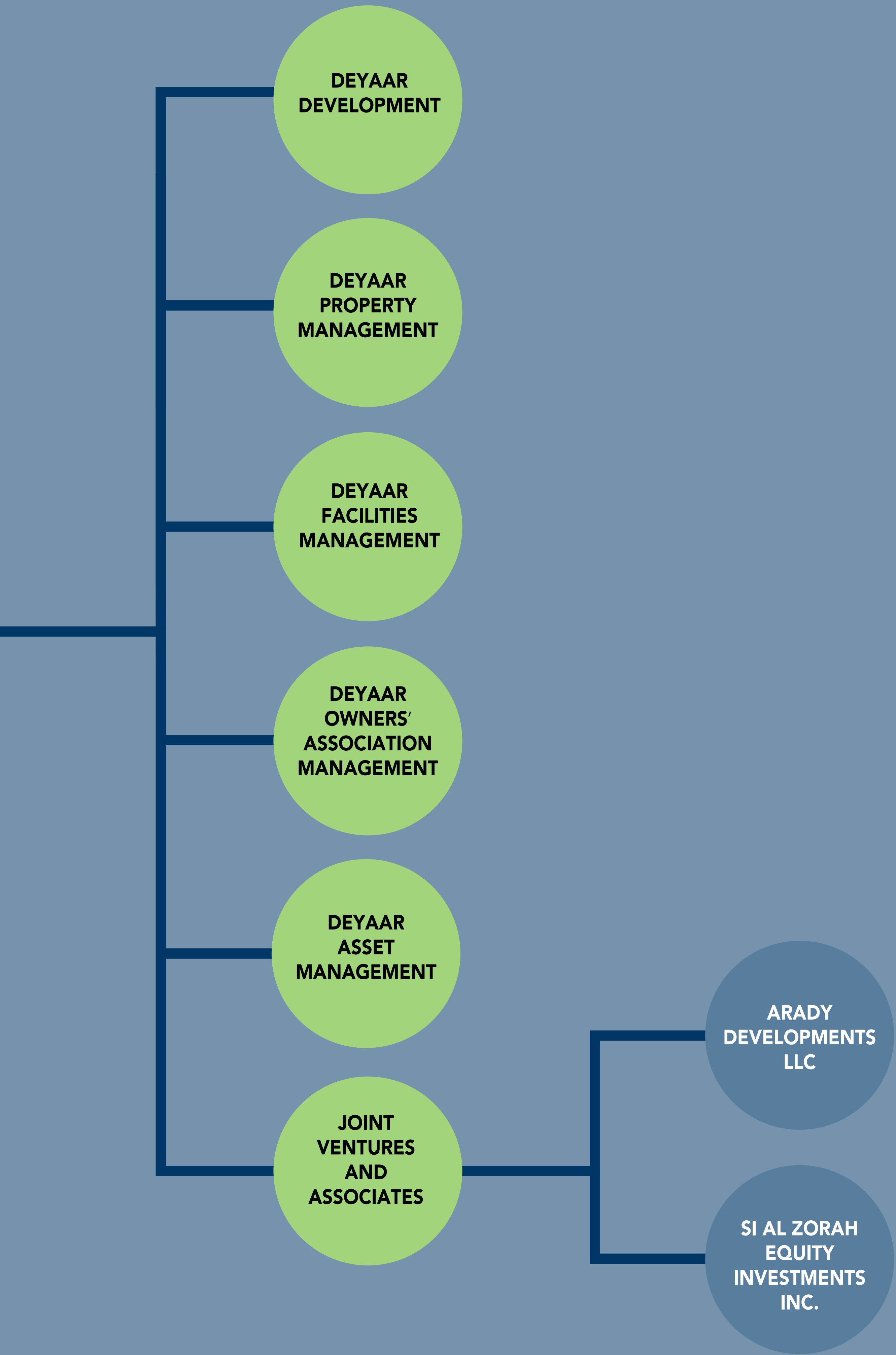
Most important facts in 2015

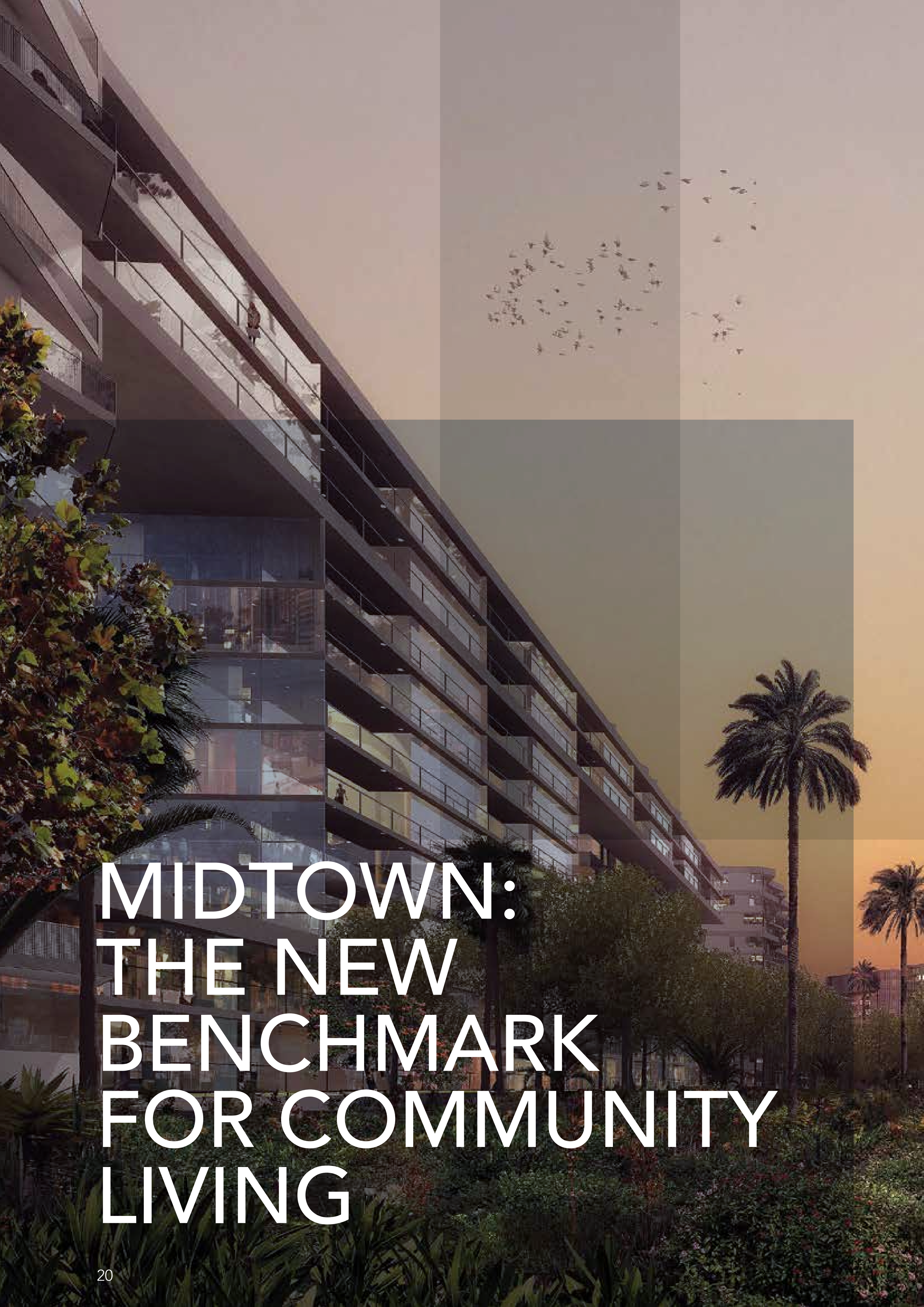
- Deyaar profits grew by 82% in 2014
- Deyaar demonstrated its projects during Dubai Property Show in London
- Appointing Al Rostamani Group as the main contractor for The Atria project
- Signing an agreement with Dubai Cares
- Announcing net profits of AED 55.2 million during Q1 2015
- Acknowledgement of seven Deyaar real estate brokers for delivering excellent sales results in 2014
- A promotional campaign in Emirates Mall to provide more information to investors about Deyaar's diverse real estate portfolio
- Competitive offers on the company's completed projects
- Deyaar grows by 37.5% in total net profit in Q2 2015
- Signing a memorandum of understanding with Turkey's Aşçıoğlu Group
- Announcing phase 1 of the Midtown project
- Starting registration for residential units in Afnan District
- Signing a memorandum of understanding with Millennium & Copthorne Hotels to develop and manage 100 hotel units in the UAE
- Starting a promotional campaign in City Centre Deira to provide information to investors about Deyaar's real estate portfolio
- Announcing net profits of AED 190 million during the first nine months of 2015
- Demonstrating Deyaar's projects in Dubai Property Show in Mumbai
- An exclusive offer to UAE nationals on National Day
- Deyaar achieves significant progress in The Atria project
- Launching electronic services to enhance client experience

Mr. Abdullah Ali Obaid Al Hamli
Chairman
Deyaar Development PJSC

GROUP STRUCTURE

DEYAAR GROUP


DEYAAR DEVELOPMENT
DEYAAR PROPERTY MANAGEMENT
DEYAAR FACILITIES MANAGEMENT
DEYAAR OWNERS' ASSOCIATION MANAGEMENT
DEYAAR ASSET MANAGEMENT
JOINT VENTURES AND ASSOCIATES
ARADY DEVELOPMENTS LLC
SI AL ZORAH EQUITY INVESTMENTS INC.



MIDTOWN: THE NEW BENCHMARK FOR COMMUNITY LIVING

BUSINESS REVIEW

Property Development

Deyaar's mandate extends beyond that of a conventional real-estate developer and includes providing comprehensive, long-term solutions that truly enhance the value of its property investments. Placing customers at the core of its operations, the company seeks to combine excellence with a vision to create top-quality natural living environments.

Deyaar developed two million square feet of residential, commercial and retail space, throughout major growth corridors and prime locations in Dubai, including Dubai Marina, Al Barsha, DIFC, Jumeirah Lake Towers, IMPZ, Dubai Silicon Oasis and TECOM, for both sales and leasing. The company's current project portfolio includes iconic residential and commercial tower developments.

Deyaar's latest projects include:

- Midtown by Deyaar, a 5.5 million square feet (build up) upscale development in the International Media Production Zone
- The Atria, a 1.25 million square feet luxury mixed-use twin tower complex
- Montrose, a project which comprises of three towers - a hotel apartment and two residential towers located in DuBiotech
- A three-star hotel at Al Barsha area

Property Management

Deyaar's Property and Asset Management Division offers customers a wide range of dedicated services such as property inspections and appraisals for landlords, management of tenancy contracts and payments, as well as other legal and administrative services that are available round-the-clock for the upkeep of their building.

The property management team seeks to enhance the customer's overall experience and increase the value of the property by ensuring high occupancy while improving a building's perception and life cycle.

The entity has established a single point of contact to address all landlord requests and facilitate smoother communication, faster response and reduced overall costs.

Deyaar Property Management handles over 15,000 units across the UAE. At 100 percent occupancy, the rental income yielded would amount to around AED 1 billion; while actual occupancy is over 95 percent.

Deyaar's property management services include:

- Property inspections and appraisals
- Management of tenancy contracts
- Follow-ups on payments, collections and renewals
- Complete documentation and legal assistance
- Marketing management and operational assistance
- Overall building management
- Handling of other statutory requirements
- Landlord relationship management

Facilities Management

Deyaar's Facilities Management Division has successfully transformed itself into a stand-alone company under Deyaar, making it easy for customers to secure reliable support services that ensure limitless comfort and convenience.

Well-equipped to address all facilities management related issues, the company's in-house experts deliver the highest quality services including, but not limited to:

- General, preventive and emergency maintenance
- Specialised systems
- HVAC, electrical, plumbing and lift systems
- Carpentry and masonry works
- Pest control and waste management
- Swimming pool, gardening and landscaping

Deyaar Facilities Management, in line with its new strategic vision and under its new management, is currently managing 22 projects, at the value of AED 10.5 million. In 2015, the company won 6 projects between our fit-out and TFM teams.

Deyaar Facilities Management recorded a turnover of AED 32 million in 2015 and is expecting more than 100% growth in 2016.

Owners' Association Management

Deyaar's Owners' Association Management (DOAM) is mandated to ensure the well-being of communities by serving them as a valued management partner. DOAM also aims to protect and enhance the value of assets within managed communities through professional administration, diligent contract supervision and cost control.

Deyaar Owners' Association Management believes and practices in increasing property values and rents by establishing financially stable and socially symphonic communities. DOAM currently manages a portfolio of 5,500 units across 19 communities, including: DIFC, Business Bay, DSO, JLT, IMPZ and Sports City, and oversees all health and safety, technical, environmental, security, financial, administrative and customer service tasks.

Besides winning Etisalat Energy Award in 2015, the high standards of professional services offered by Deyaar's Owners' Association Management team in 2015 was recognised by achieving triple-certification of Integrated Management System (IMS), which comprises of the following:

- ISO 9001: 2008 (Quality)
- ISO 14001: 2004 (Environment)
- OHSAS 18001: 2007 (Health and Safety Management System)

DOAM's wide array of unrivalled quality management services is not limited to Deyaar properties alone. Community associations in non-Deyaar developments can also benefit from the effective and efficient services as stipulated under the terms of contract. In extending its scope, DOAM seeks to ensure more communities benefit from its unmatched standard of service.

Hospitality

In 2014, Deyaar announced its decision to expand its development portfolio beyond commercial and residential properties, with the inclusion of hospitality projects.

The move, which comes as part of Deyaar's strategy to diversify its capabilities in the real estate sector, will be initiated within the Dubai market. In line with its new direction, the company has allotted up to one million square feet for hotel and serviced apartment projects in prime locations in the city in the coming years. These include strategically-located areas such as Business Bay, along Sheikh Zayed Road and areas close to tourist destinations, such as Al Barsha, as well as sites located in close proximity to the proposed venue for the Expo 2020 mega event, along Sheikh Mohammed bin Zayed Road.

Notably, Deyaar's decision to develop hospitality offerings follows a call by Dubai's leadership for greater investment in developing realty solutions to serve the rising tourist footfall to the emirate. With several projects under consideration, the company also aims to establish international collaborations that increase essential value propositions such as quality and credibility.

As part of its commitment to enhance its customers' experience, Deyaar signed a MoU in 2015 with Millennium & Copthorne Hotels MEA, an international hotel management company, to establish a strategic alliance for developing and operating its hospitality projects in the UAE, totaling around 1,000 keys.

MONTROSE: HOMES IN ONE OF DUBAI'S GREENEST CORRIDORS

PROJECTS HIGHLIGHTS

The Atria

The Atria, a 1.25 million square feet luxury mixed-use twin tower complex, marks Deyaar's foray into the hospitality sector and follows the company's recent allocation of up to one million square feet of land for the development of quality hospitality properties in the coming years. One of the towers will be a 30 floor residential complex featuring a total of 219 units split into one-bedroom, two-bedroom and three-bedroom apartments, as well as select three-bedroom duplex options and two luxurious four-bedroom penthouses.

The second building will serve as a 31 floor hotel apartment tower featuring 347 bespoke apartments, including studios, one-bedroom apartments, two-bedroom apartments, three-bedroom apartments and three-bedroom duplex units as well as a five-star spa, gym, infinity pool and fine dining restaurants.

The Atria is the first collaborative venture with internationally-acclaimed interior designers, YOO Studio, the design team at YOO, founded by property entrepreneur, John Hitchcox and Philippe Starck, one of the most revered designers in the world. The company will be responsible for delivering the 'branded residences' differentiator to the project through bespoke design concepts.

Deyaar Development sold out all residential units of The Atria, in the Business Bay district, within hours of opening its sales to the public, recording Dhs 500 million.

In December 2015, Deyaar announced completion of approximately 25 percent of this project.

Montrose

Montrose is a project which comprises three towers - a hotel apartment and two residential towers. The project is located in DuBiotech, a life sciences cluster under TECOM Group and one of Dubai's greenest corridors at the extension of Umm Suqeim towards Sheikh Mohammed bin Zayed Road, the development is a seven-minute drive from the Mall of the Emirates adjacent to the Miracle Garden and 20 minutes away from The Dubai Mall.

Each of the towers comprises three basement levels and 19 stories. The two residential towers feature 136 one-bedroom, 136 two-bedroom, 10 three-bedroom and 8 four-bedroom apartments. The hotel apartment tower has been designed to feature 90 studios, as well as 108 one-bedroom. Deyaar has successfully sold a majority of the residential units at Montrose, which are scheduled to be delivered in December 2016.

Midtown

Midtown is a 5.5 million square feet (build up) upscale development. The development will include a total of 27 buildings, where all of them will share a one level podium covering retail, parking, and essential services.

The development will be located adjacent to Jumeirah Golf Estates on the southern end. The development overlooks Sheikh Mohammed bin Zayed Road and the skyline of Dubai such as Dubai Marina, Emirates Hills, Jumeirah Lake Towers, Jumeirah Islands, and Jumeirah Village Circle from the northern side. On the east side, it is skirted by the Dubai International Media Production Zone, and is 10 minutes away from Al Maktoum International Airport and 15 minutes from the city centre.

In August 2015, Deyaar announced the launch of the Afnan District, the first part of the 1.2 million square feet Midtown grand development located in IMPZ. This property includes seven residential buildings, comprising a total of 659 apartment units of varying sizes.

Afnan District was showcased at a launch event in September 2015 at Deyaar's sales centre, where the company offered flexible payment plans and prices starting from AED 397,000.

As a result of the successful campaign, Deyaar managed to sell all the units of the first phase of its grand development, Midtown.

JOINT VENTURES AND ASSOCIATES

JOINT VENTURES

Central Park

Arady Developments is a limited liability company established as a partnership between Dubai Properties Group and Deyaar Development PJSC.

In February last year, Arady announced the handover date for the residential units of the 48 storey residential tower located at its iconic Central Park mixed-use development in Dubai International Financial Centre (DIFC). Later in May, Arady Developments appointed Colliers International, a global leader in commercial real estate services, to oversee onsite leasing and property management of the development, and commenced the leasing of commercial and retail spaces at its Central Park development.

Located in a prime residential area in close proximity to attractions in Downtown Dubai, and well-connected to the proposed venue for Expo 2020, the 1.57 million square feet Central Park project is insightfully conceptualised to reflect the upscale lifestyle and enterprising spirit of its residents.

ASSOCIATES

Al Zorah

Al Zorah is a premier mixed-use development in Ajman, and a refined coastal destination with a rich existing ecosystem. The goal is to create a bustling seaside community, a nurturing place to live, work, and play.

Al Zorah is only a 25-minute drive from Dubai International Airport and 20 minutes from Sharjah International Airport. Al Zorah's natural beauty establishes the foundations for an eco-friendly lifestyle with 60% of the land area devoted to protected mangroves and public space. The development will include world-class hotels and resorts, residences, commercial space, leisure facilities, and an 18-hole golf course set in a natural environment of sandy areas and mangroves and it is divided in five neighborhoods: The Shores, The Avenues, The Coves, The Fairways, and The Gates.

JANUARY

Announced a strong set of results for the year ending 31 December 2014 where we achieved a consolidated net profit of AED 281.9 million

FEBRUARY

Participated at the Dubai Property Show that took place in London where we showcased several of our prominent projects, including 'Montrose' and 'The Atria'

MARCH

Signed a cooperation agreement with Dubai Cares to build a school in the western region of Nepal and equip it with furniture and gender-specific latrines

APRIL

Announced our financial results for Q1 2015 where we registered AED 55.2 million in net profits, compared to AED 52.1 million recorded during the same period in 2014

MILESTONES 2015

JULY

Announced the financial results for the second quarter of 2015 where we reported a consolidated net profit of AED 85.8 million, up by 37.5% from AED 62.4 million registered in the same period last year

AUGUST

Launched Afnan District, the first part of our Midtown grand development

SEPTEMBER

Signed a memorandum of understanding (MoU) with Millennium & Copthorne Hotels, to jointly develop and operate new hospitality projects in the UAE

NOVEMBER

Showcased Midtown, The Atria and Montrose, at the Dubai Property Show in the Indian city of Mumbai

DECEMBER

Launched two limited time offers exclusive for UAE national customers looking to invest in our Midtown and Montrose projects

FINAN HIGHLI

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2015 FINANCIAL HIGHLIGHTS

Consolidated net profit of

AED **291.4** MILLION

during 2015

Construction commencement of

THE ATRIA

project

Construction commencement of

MONTROSE

project

Launched the

AFNAN DISTRICT

in

MIDTOWN

development

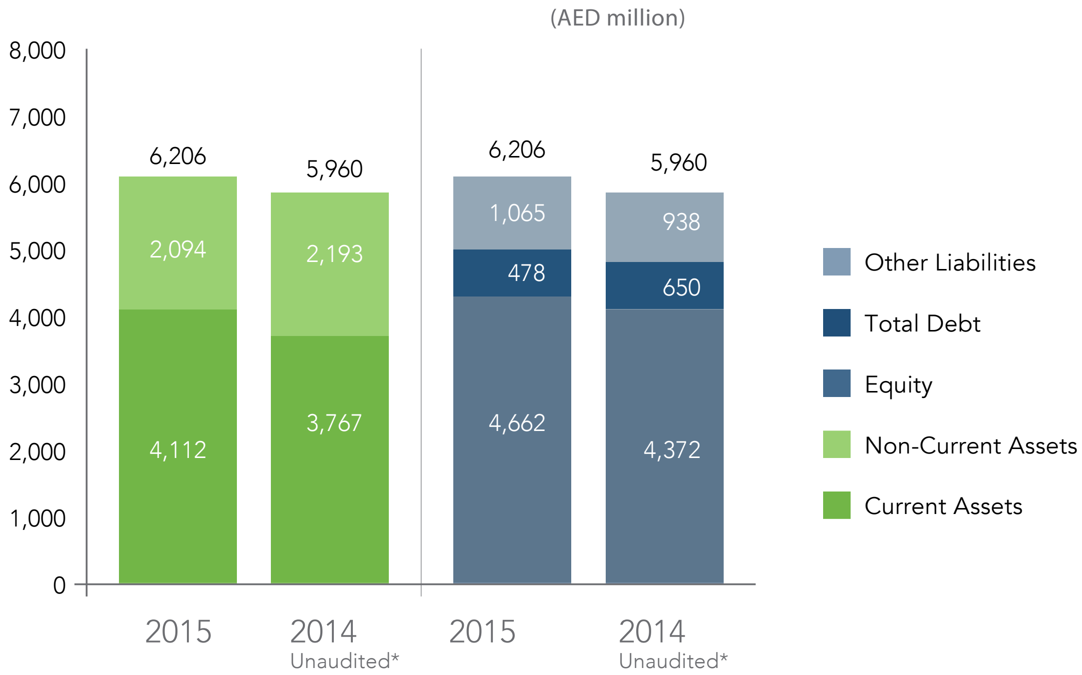
FINANCIAL HIGHLIGHTS: 2015/2014

(AED million)

	2015	Unaudited 2014*
P&L		
Gross Revenue	257.1	480.8
Net Profit	291.4	161.9
Balance Sheet		
Total Assets	6,206.8	5,960.9
Total Liabilities	1,544.2	1,588.7
Total Equity (Net Assets)	4,662.6	4,372.1
Total Debt	478.8	650.2
Cash and Bank Balances	823.3	994.3
Issued Share Capital	5,778.0	5,778.0
Profitability Ratios		
ROE	6.2%	3.7%
ROA	4.7%	2.7%
Net Profit Ratio	113.3%	33.7%
EPS in Fils	5.04	2.80
Balance Sheet Ratios		
Debt Equity Ratio	10.3%	14.9%
Cash to Total Assets	13.3%	16.7%
Net Asset Value Per Share (AED)	0.81	0.76

* 2014 figures and ratios are unaudited and are based on management's assessment of IFRS 15 impact on 2014 financial statements. Refer note 2.3 of audited financial statement for the impact of IFRS 15 on retained earning as of 01/01/2015.

BALANCE SHEET: 2015/2014



* 2014 figures are unaudited and are based on management's assessment of IFRS 15 impact on 2014 financial statements. Refer note 2.3 of audited financial statement for the impact of IFRS 15 on retained earning as of 01/01/2015.

BUSINESS LINE REVENUE 2015/2014

2015

58.1%
Project and Property Development

14.9%
Property Management

12.1%
Facility Management

2.3%
Association Management

12.7%
Leasing

2014

Unaudited

80.5%
Project and Property Development

7.9%
Property Management

5.4%
Facility Management

0.9%
Association Management

5.3%
Leasing

BUSINESS LINE GROSS PROFIT 2015/2014

2015

Property and Project Development	Property Management	Facility Management	Association Management	Leasing
37%	29%	8%	5%	22%

2014

Unaudited

Property and Project Development	Property Management	Facility Management	Association Management	Leasing
62%	19%	5%	2%	12%

DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2015.

Principal activities

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, brokering, facility and property management services.

Financial results

Revenue of the Group for the year 2015 is AED 257 million (2014: AED 1,045 million) and net profit amounted to AED 291 million (2014: AED 282 million).

Directors

The Board of Directors comprised of:

Mr. Abdullah Ali Obaid Al Hamli	Chairman
Mr. Abdullah Ebrahim Lootah	Vice Chairman
H.E. Khalifa Suhail Al Zaffin	Director
Mr. Mohamed Al Sharif	Director
Mr. Saif Bin Ali Al Khatri	Director
Dr. Adnan Chilwan	Director
Mr. Obaid Nasser Lootah	Director
Mr. Mohamed Al Nahdi	Director
Mr. Saif Al Yarabi	Director

Auditors

The financial statements for the year ended 31 December 2015 have been audited by M/S KPMG, who were appointed as auditors of the Company at the Annual General Meeting held on 8 March 2015.

On behalf of the Board,

…………..

Mr. Abdullah Ali Obaid Al Hamli
Chairman

24 February 2016

INDEPENDENT AUDITORS' REPORT

The Shareholders
Deyaar Development PJSC

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income (comprising a separate consolidated statement of profit or loss and a consolidated statement of profit or loss and other comprehensive income), changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

- we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- 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;
- the Group has maintained proper books of account;
- the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
- as disclosed in Note 35 to the consolidated financial statements, the Group has not purchased any shares during the financial year ended 31 December 2015;
- note 11 to the consolidated financial statements reflects material related party transactions and the terms under which they were conducted;
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group 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 in respect of the Company its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2015; and
- note 23 to the consolidated financial statements discloses the social contributions made during the year.

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

AT 31ST DECEMBER

	Note	2015 AED'000	2014 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	264,927	39,865
Investment property	6	253,556	329,320
Investments in joint ventures and associates	7	1,181,640	1,032,579
Properties held for development and sale	9	313,543	695,906
Trade and other receivables	10	5,165	35,005
Long term fixed deposits	12	51,650	53,559
Available-for-sale financial assets	8	23,893	24,841
		2,094,374	**2,211,075**
Current assets			
Properties held for development and sale	9	998,897	707,228
Inventories		2,227	1,742
Trade and other receivables	10	336,607	224,608
Due from related parties	11	1,951,333	1,959,974
Cash and bank balances	12	823,340	994,292
		4,112,404	**3,887,844**
Total assets		**6,206,778**	**6,098,919**
EQUITY			
Share capital	13	5,778,000	5,778,000
Legal reserve	14	242,529	213,394
Available for sale fair valuation reserve	8	4,558	5,506
Accumulated losses		(1,362,534)	(1,623,836)
Total equity		**4,662,553**	**4,373,064**
LIABILITIES			
Non-current liabilities			
Borrowings	15	342,308	482,870
Advances from customers	16	12,087	101,317
Retentions payable	18	10,368	1,241
Provision for employees' end of service benefits	19	10,990	9,350
		375,753	**594,778**
Current liabilities			
Borrowings	15	136,540	167,292
Advances from customers	16	163,061	186,968
Trade and other payables	17	771,392	660,415
Retentions payable	18	17,499	25,733
Provision for claims	25	65,967	76,495
Due to related parties	11	14,013	14,174
		1,168,472	**1,131,077**
Total liabilities		**1,544,225**	**1,725,855**
Total equity and liabilities		**6,206,778**	**6,098,919**

These consolidated financial statements were approved by the Board of Directors on ……………………and signed on its behalf by:

Abdullah Ali Obaid Al Hamli
Chairman

Saeed Al Qatami
Chief Executive Officer

The notes on pages 51 to 83 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 42 and 43.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2015

		YEAR ENDED 31ST DECEMBER	
		2015	2014
	Note	AED'000	AED'000
Revenue	20	257,102	1,045,337
Direct/operating costs	21	(124,485)	(742,023)
Other operating income	22	15,169	19,483
General and administrative expenses	23	(158,200)	(155,974)
Provision for claims	25	(22,220)	(76,495)
Liability written back	15	-	147,922
Write back of provision/(provision for impairment) against advance for purchase of properties	26	157,877	(68,625)
Gain on disposal of an investment property	32	-	16,982
Gain on fair valuation of investment properties	6	16,176	50,117
Operating profit		**141,419**	**236,724**
Finance cost	27	(26,775)	(39,359)
Finance income	27	9,892	7,497
Finance cost, net		**(16,883)**	**(31,862)**
Gain on disposal of a joint venture before reclassification adjustment	7	-	5,880
Reclassification of cumulative exchange translation losses from other comprehensive income on disposal of a joint venture	7	-	(4,863)
Net gain on disposal of a joint venture	**7**	**-**	**1,017**
Share of results from joint ventures and associates	7	166,818	75,971
Profit for the year		**291,354**	**281,850**
Profit attributable to:			
Equity holders of the Company		291,354	281,850
		291,354	**281,850**
Earning per share attributable to the equity holders of the Company during the year - basic and diluted	28	Fils 5.04	Fils 4.88

The notes on pages 51 to 83 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 42 and 43.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

YEAR ENDED 31ST DECEMBER

	Note	2015 AED'000	2014 AED'000
Profit for the year		291,354	281,850
Other comprehensive income from items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets	8	(948)	(540)
Exchange translation loss reclassified to profit or loss on disposal of a joint venture	7	-	4,863
Other comprehensive income for the year		(948)	4,323
Total comprehensive income for the year		**290,406**	**286,173**
Attributable to:			
Equity holders of the Company		290,406	286,173
Total comprehensive income for the year		**290,406**	**286,173**

The notes on pages 51 to 83 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 42 and 43.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital AED'000	Legal Reserve AED'000	Exchange Translation Reserve AED'000	Available for Sale Fair Valuation Reserve AED'000	Accumulated Losses AED'000	Total Equity AED'000
At 1 January 2014	5,778,000	194,081	(4,863)	6,046	(1,886,373)	4,086,891
Net profit for the year	-	-	-	-	281,850	281,850
Transfer to legal reserve	-	19,313	-	-	(19,313)	-
Other comprehensive income	-	-	4,863	(540)	-	4,323
Balance at 31 December 2014	**5,778,000**	**213,394**	**-**	**5,506**	**(1,623,836)**	**4,373,064**
Balance at 1 January 2015, as previously reported	5,778,000	213,394	-	5,506	(1,623,836)	4,373,064
Effect of change in accounting policy (Note 2.3)	-	-	-	-	(917)	(917)
Balance at 1 January 2015 (restated)	5,778,000	213,394	-	5,506	(1,624,753)	4,372,147
Net profit for the year	-	-	-	-	291,354	291,354
Transfer to legal reserve	-	29,135	-	-	(29,135)	-
Other comprehensive income	-	-	-	(948)	-	(948)
Balance at 31 December 2015	**5,778,000**	**242,529**	**-**	**4,558**	**(1,362,534)**	**4,662,553**

The notes on pages 51 to 83 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		YEAR ENDED 31ST DECEMBER	
	Note	2015 AED'000	2014 AED'000
Cash flows from operating activities			
Net cash generated from operating activities	**29**	**52,248**	**710,244**
Cash flows from investing activities			
Purchase of property and equipment		(30,577)	(5,005)
Proceeds from sale of property and equipment		-	87
Proceeds on reduction of investment in an associate		-	2,954
Proceeds from disposal of investment in joint venture		-	5,880
Additions to investment property		(3,362)	(13,682)
Movement in term deposits with an original maturity of more than three months		186,909	(588,559)
Finance income received on deposits		8,668	4,540
Net cash generated from/(used in) investing activities		**161,638**	**(593,785)**
Cash flows from financing activities			
Repayment of borrowings		(171,314)	(176,227)
Finance cost paid		(28,524)	(28,765)
Net cash used in financing activities		**(199,838)**	**(204,992)**
Increase/(decrease) in cash and cash equivalents		**14,048**	**(88,533)**
Cash and cash equivalents, beginning of the year		439,292	527,825
Cash and cash equivalents, end of the year	**12**	**453,340**	**439,292**

The notes on pages 51 to 83 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 42 and 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Legal status and activities

Deyaar Development PJSC (the "Company") was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, UAE on 10 July 2007. The registered address of the Company is P. O. Box 30833, Dubai, United Arab Emirates ("UAE"). The Company is listed on Dubai Financial Market.

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, brokering, facility and property management services.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Except for the change in accounting policy for revenue recognition, as a result of early adoption of *IFRS 15 Revenue from Contracts with Customers*, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

2.1 Basis of preparation

These consolidated financial statements present the financial position and results of the operations and cash flows of the Company and its subsidiaries (together, "the Group") and the Group's interest in equity accounted investees (Note 34).

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the requirements of UAE Federal Law No. 2 of 2015.

UAE Federal Law No. 2 of 2015 being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015. Companies are allowed to ensure compliance with the new UAE Companies Law of 2015 by 30 June 2016 as per the transitional provisions contained therein.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

A number of new standards and amendments to standards are effective for annual period beginning after 1 January 2015 and earlier application is permitted. Except for the early adoption of IFRS 15 as mentioned in Note 2.3, the other new standards and amendments have not been applied in preparing these financial statements. Those which may be relevant to the Group have been set out below.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements:

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Eliminations on consolidation

Material inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in joint venture includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Joint ventures

The Group's interests in jointly controlled entities are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures. The Group's investment in joint venture includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Change in accounting policy

Except for the early adoption of IFRS 15 and the corresponding changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and is effective from annual periods commencing on or after 1 January 2018 either based on a full retrospective or modified application, with early adoption permitted. IFRS 15 replaces existing revenue recognition guidance and outlines a single comprehensive model of accounting for revenue arising from contracts with customers that is based on transfer of control. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity is entitled in exchange for transferring goods or services to a customer.

The Group has reviewed the impact of IFRS 15 and accordingly elected to early adopt IFRS 15 with effect from 1 January 2015, as the Group considers it to be a better reflection of the business performance of the Group. The Group has applied IFRS 15 using the cumulative effect method i.e., by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at 1 January 2015. Therefore, the comparative information has not been restated and continue to be reported in accordance with the previous accounting policy.

The details and the quantitative impact of the change in accounting policy is as follows:

Revenue from sale of properties

The Group previously recognised revenue for sale of properties in the consolidated statement of profit or loss when the risks and rewards of ownership were transferred to the buyer. The significant risks and rewards were deemed to be transferred when the title deed was registered in the name of the buyer or in certain circumstances when equitable interest in the property vest with the buyer before legal title passes. In the current year, upon early adoption of IFRS 15, revenue is recognised as and when the performance obligation of the Group is satisfied. Also refer to note 2.20.

Sales commission

The Group previously recognised sales commission related to sale of properties as selling expenses when these were incurred. Under IFRS 15, the Group capitalises those commission fees as costs of obtaining a contract when they are incremental and amortises them consistently with the pattern of revenue for the related contract. If the expected amortisation period is one year or less, then the commission fee is expensed when incurred.

Impacts on consolidated financial statements

The details of adjustments to the opening accumulated losses and other account balances are detailed below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2014 AED'000 *(As previously reported)*	Adjustments/ Reclassifications AED'000	1 January 2015 AED'000 *(Restated)*
Assets			
Trade and other receivables	259,613	57,411	317,024
Properties held for sale and development	1,403,134	(177,684)	1,225,450
Investments in joint ventures and associates	1,032,579	(17,757)	1,014,822
	2,695,326	**(138,030)**	**2,557,296**
Liabilities			
Trade and other payables	660,415	4,504	664,919
Advances from customers	288,285	(141,617)	146,668
	948,700	**(137,113)**	**811,587**
Equity			
Accumulated losses	(1,623,836)	(917)	(1,624,753)

Impact of early adopting IFRS 15 on the consolidated financial statements of the Group for the year ended 31 December 2015 is as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015	As per IFRS 15 AED'000	As per old policy AED'000	Impact due to change AED'000
Revenue	257,102	290,138	(33,036)
Direct/operating costs	124,485	177,261	(52,776)
Share of results from joint ventures and associates	166,818	153,786	13,032
Profit for the year	291,354	258,582	32,772
Earnings per share attributable to the equity holders of the Company – basic and diluted	Fils 5.04	Fils 4.48	Fils 0.56

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
Profit for the year	291,354	258,582	32,772
Total comprehensive income for the year	290,406	257,634	32,772

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
Assets			
Investment in joint ventures and associates	1,181,640	1,186,365	(4,725)
Properties held for development and sale – Non-current	313,543	590,813	(277,270)
Properties held for development and sale – Current	998,897	846,535	152,362
Trade and other receivables – Non-current	5,165	5,165	-
Trade and other receivables – Current	336,607	297,680	38,927
	2,835,852	**2,926,558**	**(90,706)**
Liabilities			
Trade and other payables	771,392	766,888	4,504
Advance from customers - Non-current	12,087	161,428	(149,341)
Advance from customers – Current	163,061	140,785	22,276
	946,540	**1,069,101**	**(122,561)**
Equity			
Accumulated losses	(1,362,534)	(1,394,389)	31,855

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
Cash flows from operating activities			
Profit for the year	291,354	258,582	32,772
Share of results from associates and joint ventures	(166,818)	(153,786)	(13,032)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	(10,262)	(30,002)	19,740
Changes in working capital:			
Properties held for development and sale net of project cost	15,412	68,188	(52,776)
Trade and other receivables	(22,491)	(40,975)	18,484
Advances from customers	117,710	103,158	14,552

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other operating income or expense".

(c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity.

On the disposal of a foreign operation all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of asset	Years
Buildings	20
Leasehold improvements	4
Furniture and fixtures	4 - 5
Office equipment	4
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised within "other income or expense" in the consolidated statement of profit or loss.

Capital work-in-progress is stated at cost and includes property that is being developed for future use. When commissioned, capital work-in-progress is transferred to the respective category, and depreciated in accordance with the Group's policy.

2.7 Investment property

(a) Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

(b) Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 "Investment Property". Any gain or loss arising from a change in fair value is recognised in the profit or loss.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment as an investment property.

(c) Transfer from properties held for sale to investment properties

Certain properties held for sale are transferred to investment properties when those properties are either released for rental or for capital appreciation or both. The properties held for sale are transferred to investment properties at fair value on the date of transfer and gain arising on transfer is recognised in statement of profit or loss. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties. Any gain arising on this remeasurement is recognised in the consolidated statement of profit or loss on the specific property.

(d) Transfer from investment properties to properties held for sale

Properties are transferred from investment properties to properties held for development and sale when there is a change in intention to use the property. Such transfers are made at the fair value of the properties at the date of transfer and gain arising on transfer is recognised in statement of profit or loss. Subsequent to initial measurement, such properties are valued at cost in accordance with the measurement policy for properties held for development and sale.

(e) Transfer from investment properties to owner-occupied property

If an investment property becomes owner-occupied property, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

(f) Sale of investment properties

Certain investment properties are sold in the ordinary course of business. No revenue and direct costs are recognised for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognised in the consolidated statement of profit or loss.

2.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the consolidated statement of profit or loss.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the categories set out below. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables are classified as trade and other receivables, due from related parties, and cash and cash equivalents (Notes 10, 11 and 12) in the consolidated statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income. Dividends on available-for-sale financial assets are recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or 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 interest 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 changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated statement of profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

2.11 Properties held for development and sale

Land and buildings identified as held for sale, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Employee benefits

(a) End of service benefits to non-UAE nationals

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(b) Pension and social security policy within the UAE

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law.

2.15 Advances from customers

Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

2.18 Borrowing costs

General and specific borrowing 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 borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

2.20 Revenue recognition

As a result of early adoption of IFRS 15 with effect from 1 January 2015, the Group has applied the following accounting policy with effect from 1 January 2015 (Note 2.3).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the Group transfers control over a product or service to a customer.

(a) Revenue from sale of properties

The Group recognises revenue from sale of properties based on a five step model as set out in IFRS 15:

Step 1
Identify the 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 the 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 service 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 will allocate 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 entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

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

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based 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.

(b) Forfeiture income

Forfeiture income is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, as per the procedures set out by the Dubai Real Estate Regulatory Authority, the customer continues to default on the contractual terms.

(c) Service revenue

Revenue from services such as property management and facilities management is recognised in the accounting period in which the services are rendered.

(d) Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) Finance income

Finance income is recognised in the consolidated statement of profit or loss on a time-proportion basis using the effective yield method.

(g) Dividend income

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

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management under policies approved by the Board of Directors. Management evaluates financial risks in close coordination with the Group's operating units.

(a) Market risk

Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED, US Dollars or other currencies, whereby the AED or other currencies are pegged to the US Dollar.

Price risk

The Group is exposed to equity securities price risk through investments held by the Group and classified as available-for-sale.

Cash flow and fair value interest rate risk

The Group has an insignificant interest rate risk arising from interest bearing bank deposits. Bank deposits are placed with banks offering favourable rates. The Group's interest rate risk arises from its interest bearing liabilities.

At 31 December 2015, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been

AED 5,089,000 lower/higher (2014: profit for the year would have been AED 7,015,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, due from related parties, and bank deposits. Trade receivables are made to customers with an appropriate credit history. The Group has no other significant concentrations of credit risk. Bank deposits are limited to high-credit-quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure at the reporting date. The maximum exposure to credit risk at the reporting date was:

	2015 AED'000	2014 AED'000
Long term fixed deposits	51,650	53,559
Trade and other receivables	102,080	173,912
Due from related parties	1,951,333	1,959,974
Bank balances	821,493	993,113
	2,926,556	**3,180,558**

(c) Liquidity risk

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

			Contractual Cash Flows		
	Carrying Amount AED'000	Contractual Cash Flows AED'000	Within 1 Year AED'000	2 to 5 Years AED'000	More than 5 Years AED'000
As at 31st December 2015					
Islamic finance facilities	478,848	535,211	157,855	317,791	59,565
Trade and other payables	771,392	771,392	771,392	-	-
Retentions payable	27,867	27,867	17,499	10,368	-
Due to related parties	14,013	14,013	14,013	-	-
	1,292,120	**1,348,483**	**960,759**	**328,159**	**59,565**
As at 31st December 2014					
Islamic finance facilities	544,588	572,547	156,153	381,888	34,506
Other borrowings	105,574	119,254	24,270	94,984	-
Trade and other payables	660,415	660,415	660,415	-	-
Retentions payable	26,974	26,974	25,733	1,241	-
Due to related parties	14,174	14,174	14,174	-	-
	1,351,725	**1,393,364**	**880,745**	**478,113**	**34,506**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year. Except for complying with certain provisions of the UAE Federal Law No. 2 of 2015, the Group is not subject to any externally imposed capital requirements.

3.3 Fair value estimation

The Group has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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

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

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31st December 2015				
Available-for-sale financial assets	23,893	-	-	23,893
As at 31st December 2014				
Available-for-sale financial assets	24,841	-	-	24,841

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

(a) Valuation of investment properties

The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors and the internal valuation by the Group's finance department.

The fair values have been determined by taking into consideration market comparables and/or the discounted cash flows where the Company has on-going lease arrangements. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

In case where the Company does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

Management of the Company has reviewed the assumption and methodology used by the independent registered valuer and in their opinion these assumptions and methodology seem reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

(b) Recoverability of investment in a joint venture

Recoverability of investment in a joint venture is an area involving significant management judgement, requiring assessment as to whether the carrying value of assets can be supported by the fair value of investment property and property held for development and sale in the joint venture.

For investment property under construction, management uses a valuation technique based on a discounted cash flow model. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- The discount rate of 10.87% based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate of 3.3% based on a conservative view of the long-term rate of growth.

Management assesses the impairment for property held for development and sale in the joint venture whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset.

(c) IFRS 15 Revenue from Contracts with Customers

The application of revenue recognition policy in accordance with IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time and in other cases, revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets, this is generally when the unit has been handed over to the customer.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised.

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 design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

5 Property and equipment

	Capital Work in Progress AED'000	Buildings AED'000	Leasehold Improve-ments AED'000	Furniture and Fixtures AED'000	Office Equipment AED'000	Motor Vehicles AED'000	Total AED'000
Cost							
At 1 January 2014	-	29,101	714	7,030	19,711	793	57,349
Additions	-	-	2,604	526	1,375	500	15,647
Transfers (Note 9)	-	10,642	-	-	-	-	10,642
Disposals	-	-	-	-	-	(380)	(380)
At 31 December 2014	**-**	**39,743**	**3,318**	**7,556**	**21,086**	**913**	**72,616**
At 1 January 2015	-	39,743	3,318	7,556	21,086	913	72,616
Transfers (Note 6 and Note 9)	199,891	-	-	-	-	-	199,891
Additions	22,353	-	1,838	270	6,160	-	30,621
Disposals	-	-	-	-	(503)	-	(503)
At 31 December 2015	**222,244**	**39,743**	**5,156**	**7,826**	**26,743**	**913**	**302,625**
Depreciation							
At 1 January 2014	-	3,889	610	6,902	18,049	793	30,243
Charge for the year (Note 23)	-	1,557	267	98	904	62	2,888
Disposals	-	-	-	-	-	(380)	(380)
At 31 December 2014	**-**	**5,446**	**877**	**7,000**	**18,953**	**475**	**32,751**
At 1 January 2015	-	5,446	877	7,000	18,953	475	32,751
Charge for the year (Note 23)	-	1,427	2,017	228	1,609	125	5,406
Disposals	-	-	-	-	(459)	-	(459)
At 31 December 2015	**-**	**6,873**	**2,894**	**7,228**	**20,103**	**600**	**37,698**
Net book value - 31 December 2015	**222,244**	**32,870**	**2,262**	**598**	**6,640**	**313**	**264,927**
Net book value - 31 December 2014	**-**	**34,297**	**2,441**	**556**	**2,133**	**438**	**39,865**

Buildings with a carrying value of AED 19,364,527 (2014: AED 20,655,496) are mortgaged under Islamic finance obligations (Note 15).

Capital work-in-progress represents expenditure incurred on properties and development of properties which are intended to be used according to Company's relevant business model.

6 Investment property

	UAE Office Building AED'000	UAE Land AED'000	UAE Retail Units AED'000	2015 Total AED'000	2014 Total AED'000
Fair value hierarchy	**3**	**3**	**3**		
Fair value at 1 January	68,560	92,055	168,705	329,320	265,521
Additions	-	3,247	115	3,362	15
Disposal	-	-	-	-	(104,921)
Transfer from properties held for sale (Note 9 and Note i below)	-	-	-	-	118,588
Transfer to property and equipment (Note 5 and Note ii below)	-	(95,302)	-	(95,302)	-
Net gain from fair value adjustments on investment property	17,173	-	(997)	16,176	50,117
Fair value at 31 December	**85,733**	**-**	**167,823**	**253,556**	**329,320**

(i) During 2014, the Company reclassified its portfolio of retail units with a carrying value of AED 118 million from property held for sale to investment properties as a result of change in management's intention for use of these units as reflected in the Company's relevant business model. The units were reclassified to investment properties at their fair value on the date of transfer resulting in a fair value gain of AED 50 million. The gain was recognised in the consolidated statement of profit or loss in accordance with the accounting policy adopted for the measurement of investment properties.

(ii) In the current year, the Company has reclassified a plot of land from investment properties to property and equipment. This property was earlier recognised in the consolidated financial statements of the Company in accordance with the fair value accounting policy adopted for the measurement of investment properties and upon reclassification, the carrying value of AED 95.3 million was deemed to be the cost of the property in accordance with the accounting policy adopted for recognition and measurement of property and equipment. This reclassification was a result of the change in management's intention to use the property as reflected by the Company's relevant business model. Based on the management's assessment of the fair value of the property reclassified, there is no material difference between the carrying value of the plot of land and its fair value on the transfer date and accordingly no gain or loss has been recognised in the Company's consolidated profit or loss upon transfer.

Investment property is recognised at fair value and categorised within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Direct operating expenses recognised in the consolidated statement of profit or loss include AED 2,749,678 (2014: AED 2,773,726) and rental income recognised in consolidated statement of profit or loss includes AED 30,265,347 (2014: AED 25,266,159) from investment property (Note 20).

Bank borrowings are secured on investment property to the value of AED 80,000,000 (2014: AED 158,500,000) (Note 15).

Valuation processes

Lands and retail units included in the Group's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. Valuation of UAE office building is valued by the Groups' finance department. The Group's finance department includes a team that also reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and the independent valuers at least once every six months.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuers.

Information about fair value measurements using significant unobservable inputs (Level 3) are as follows:

Country	Segment	Valuation	Estimate	Range of Inputs	Sensitivity of Management Estimates	
					Impact Lower AED'000	Impact Higher AED'000
UAE	Office building	Income capitalisation	Estimated rental value	AED 100 to AED 230 per sq.ft. per annum	(913)	913
			Discount rate	12.29%	10,567	(8,437)

A change of 100 basis points in management's estimate at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown above.

Valuation techniques underlying management's estimation of fair value

For office building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated rental value (per sq.ft. p.a.) based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;

Cash flow discount rate reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

For retail units, the valuation was determined using the indicative fair values of these investment properties as at 31 December 2015 provided by an independent firm of surveyors and property consultant. The surveyor has used sales comparison method to determine the fair values of retail units.

7 Investments in joint ventures and associates

	Joint Ventures		Associates		Total	
	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
At 1 January, as previously reported	740,285	684,900	292,294	274,662	1,032,579	959,562
Effect of change in accounting policy (Note 2.3)	(17,757)	-	-	-	(17,757)	-
Adjusted balance at 1 January 2015	722,528	684,900	292,294	274,662	1,014,822	959,562
Share of profit	159,875	55,385	6,943	20,586	166,818	75,971
Repurchase of share by associate	-	-	-	(2,954)	-	(2,954)
At 31 December	**882,403**	**740,285**	**299,237**	**292,294**	**1,181,640**	**1,032,579**

Investment in associates

The Group has a 22.72% interest in Solidere International Al Zorah Equity Investments Inc ("Al Zorah"), a company registered in the Cayman Islands. The associate is a holding company investing in companies engaged in property development.

Summarised financial information relating to the Group's share of its associates is as follows:

Name	% Interest Held	Assets AED'000	Liabilities AED'000	Revenue AED'000	Net Profit/ (Loss) AED'000
31st December 2015					
Al Zorah	22.72	315,059	(84,577)	11,223	6,943
		315,059	**(84,577)**	**11,223**	**6,943**
31st December 2014					
Al Zorah	22.72	304,124	(80,586)	19,827	20,586
		304,124	**(80,586)**	**19,827**	**20,586**

The Group's share of its associates' commitments amounts to AED 46,517,000 (2014: AED 44,729,000).

Investment in joint ventures

The Group has a 50% interest in the following joint ventures, which are engaged in property development. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint ventures. They also include consolidation adjustments made at the Group's level to ensure uniform accounting policies. These are included in the Group's consolidated statement of financial position and statement of profit or loss:

Name	% Interest Held	Country of Incorporation	Non-Current Assets AED'000	Current Assets AED'000	Non-Current Liabilities AED'000	Current Liabilities AED'000	Net Profit/ (Loss) AED'000
31st December 2015							
Arady Developments LLC	50	U.A.E	825,689	145,574	-	60,542	159,875
Dubai International Development Co. LLC (*)	50	U.A.E	-	150	-	-	-
			825,689	**145,724**	**-**	**60,542**	**159,875**
31 December 2014							
Arady Developments LLC	50	U.A.E	638,470	551,346	89,561	360,088	55,385
Dubai International Development Co. LLC (*)	50	U.A.E	-	150	-	-	-
			638,470	**551,496**	**89,561**	**360,088**	**55,385**

The Group's proportionate share in joint ventures commitments is AED Nil (2014: AED 133,626,000).

* This joint venture did not commence its commercial activities.

8 Available-for-sale financial assets

	2015 AED'000	2014 AED'000
1 January	24,841	25,381
Change in fair value	(948)	(540)
31 December	**23,893**	**24,841**

9 Properties held for development and sale

	Properties Held for Sale AED'000	Properties Under Construction AED'000	Land Held for Future Development and Sale AED'000	Total AED'000
1 January 2014	1,165,409	261,157	244,396	1,670,962
Additions (Note 11 (c))	32,531	401,775	308,783	743,089
Transfer due to completion of properties	161,434	(161,434)	-	-
Adjustment (Note 17)/reclassification to advances (Note 10 (ii))	(45,661)	(114,375)	-	(160,036)
Reversal of impairment (Note 21)	158,949	-	-	158,949
Transfer to investment property (Note 6)	(118,588)	-	-	(118,588)
Transfer to property and equipment (Note 5)	(10,642)	-	-	(10,642)
Sales (Note 21)	(880,600)	-	-	(880,600)
31 December 2014	**462,832**	**387,123**	**553,179**	**1,403,134**
1 January 2015 (as previously reported)	462,832	387,123	553,179	1,403,134
Effect of change in accounting policy (Note 2.3)	(158,626)	(19,058)	-	(177,684)
Adjusted balance at 1 January 2015	304,206	368,065	553,179	1,225,450
Additions (Note 26)	-	111,707	233,633	345,340
Transfer due to development of properties (Note (i) below)	-	309,183	(309,183)	-
Provision for impairment (Note 26)	-	-	(53,113)	(53,113)
Reversal of impairment (Note 21)	9,102	-	-	9,102
Transfer to property and equipment (Note 5)	-	(104,589)	-	(104,589)
Sales (Note 21)	(16,197)	(93,553)	-	(109,750)
31 December 2015	**297,111**	**590,813**	**424,516**	**1,312,440**

	2015 AED'000	2014 AED'000
Non-current portion	313,543	695,906
Current portion	998,897	707,228
As at 31 December	**1,312,440**	**1,403,134**

(i) During the year, the Company launched a project for construction of properties on a certain land held for future development. Accordingly, the land was transferred to properties under construction. Management's assessment of the net realisable value of the properties held for development and sale resulted in a net reversal of impairment amounting to AED 9,102,000 (2014: AED 158,949,000), which was recognised in the consolidated statement of profit or loss under "direct/operating costs" (Note 21).

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the current market.

In the current year, the Company reclassified properties under construction of the value of AED 104.5 million (2014: AED 10.6 million) to property and equipment based on change in management's intention to use the properties as reflected by the Company's relevant business model.

Residential units in a building and a plot of a land with a total carrying value of AED 290,687,000 (2014: AED 292,756,000) are mortgaged under Islamic finance obligations (Note 15). For land held for future development and use, management is currently evaluating feasibility of the projects and considering alternative viable and profitable options.

10 Trade and other receivables

	2015 AED'000	2014 AED'000
Trade receivables (refer (i) below)	212,292	273,638
Less: provision for impairment of trade receivables	(119,852)	(118,507)
	92,440	**155,131**
Advance for purchase of properties (refer (ii) below)	153,455	45,750
Receivable on cancelled purchase agreement	-	11,625
Advances to contractors	67,892	541
Advances to suppliers	17,192	33,560
Prepayments	1,153	5,850
Other receivables	9,640	7,156
	249,332	**104,482**
	341,772	**259,613**
Less: current portion	(336,607)	(224,608)
Non-current portion	5,165	35,005

(i) Contract balances

Contract assets primarily relate to the Group's right to consideration for work completed but not yet received at the reporting date. Contract liabilities primarily relate to the advance consideration received from customers for sale of properties.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2015 AED'000
Contract assets (included in trade receivables)	92,440
Contract liabilities (Advances from customers – Note 16)	175,148

Significant changes in the contract balances during the year are as follows:

	Contract liabilities AED'000
Revenue recognised that was included in the contract liability balance at the beginning of the year (after restatement on 1 January 2015 – Note 2.3)	82,259
Increases due to cash received, excluding amounts recognised as revenue during the year	79,169

(ii) Advance for purchase of properties

	2015 AED'000	2014 AED'000
Advance for purchase of share in real estate projects (Note 25)	295,088	187,510
Advance for purchase of properties (Note 9)	-	114,375
	295,088	**301,885**
Less: provision for impairment against advance for purchase of share in real estate projects (Note 25)	(141,633)	(187,510)
Less: provision for impairment against advance for purchase of properties (Note 26)	-	(68,625)
	153,455	**45,750**

As at 31 December 2015, trade receivables of AED 61,858,000 (2014: AED 124,430,000) were receivable from sale of properties but not impaired.

As at 31 December 2015, trade receivables of AED 30,582,000 (2014: AED 30,702,000) were receivable from other streams of revenue but not impaired. The ageing analysis of these trade receivables is as follows:

	2015 AED'000	2014 AED'000
Not due	4,370	5,231
Up to 3 months	7,293	14,605
Over 3 months	18,919	10,866
	30,582	**30,702**

As at 31 December 2015, trade receivables of AED 119,852,000 (2014: AED 118,507,000) were impaired and fully provided for. The individually impaired receivables mainly relate to customers who are in difficult economic situations. The ageing analysis of these trade receivables is as follows:

	2015 AED'000	2014 AED'000
Over 6 months	119,852	118,507

Movements of the Group's provision for impairment of trade receivables are as follows:

	2015 AED'000	2014 AED'000
At 1 January	118,507	125,047
Provision for/(reversal of) impairment of trade receivables	1,345	(6,540)
At 31 December	**119,852**	**118,507**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold or post-dated cheques as security.

11 Transactions and balances with related parties

Related parties include the significant shareholders, key management personnel, associates, joint ventures, directors and businesses which are controlled directly or indirectly by the significant shareholders or directors or over which they exercise significant management influence.

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2015 AED'000	2014 AED'000
A significant shareholder		
Other operating income/finance income	4,770	3,522
Finance cost	13,009	21,110

(b) Remuneration of key management personnel

	2015 AED'000	2014 AED'000
Salaries and other short-term employee benefits	32,564	26,506
Termination and post-employment benefits	1,061	1,287
Directors' fees	1,500	1,500
	35,125	**29,293**

(c) Due to related parties comprises

	2015 AED'000	2014 AED'000
Current		
Due from joint ventures	16,075	131,976
Due from other related parties	1,935,258	1,827,998
	1,951,333	**1,959,974**

Cash and bank balances include fixed deposits of AED 330,000,000 (2014: AED 455,000,000) deposited with Dubai Islamic Bank, a significant shareholder of the Company, at market prevailing profit rates.

At 31 December 2015, the Group had bank borrowings from Dubai Islamic Bank of AED 264,119,000 (2014: AED 303,355,000) with a profit rate of EIBOR + 2.75% with a minimum of 4% (2014: EIBOR + 3% with a minimum of 5%).

In 2010, the Group entered into a sale and purchase agreement with a related party to sell properties with a carrying value of AED 1,337,846,000 and rights to purchase plots amounting to AED 899,589,000. The sale consideration agreed on by both parties as per the initial agreement was AED 3,647,483,730.

The salient terms and conditions of the transaction were as follows:

- The sale consideration is receivable on or before 1 June 2016;
- The sale consideration can be settled in cash or kind or a combination of both, at the discretion of the purchaser. Where settlement is in kind, the fair value of the assets transferred will be determined by an independent valuation expert, to be selected by the seller and purchaser; and
- The commitment on the remaining purchase price of the land held for development remains with the Group.

Following the amendments to the original agreement, the sale consideration was reduced by approximately AED 731 million, as a result of the purchaser's commitment to settle this balance on demand, on or before 31 December 2016, in cash or in kind, or a combination of both.

During 2014, pursuant to the addendum to original sale and purchase agreement for a plot of land with the master developer, the Group had entered into an amendment agreement with the related party, which resulted in a further reduction of the sale consideration by AED 141 million. Further, the related party had also transferred plots of land thereby settling receivable balance of AED 669,307,510 against the outstanding receivable (Note 9).

In the current year, the Company settled an amount of AED 108 million relating to certain plots on behalf of the related party resulting in reduction of the Company's commitments. The receivable amount is reflected in the books of the Company after deducting the future committed payments of AED 170 million (Note 30) relating to rights to purchase plots from the sale consideration as per the sale and purchase agreement. Management is currently evaluating various options and expects that the balance will be settled during 2016.

(D) Due to related parties comprises:
Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2015 AED'000	2014 AED'000
Current		
Due to a significant shareholder	1,714	1,875
Due to a joint venture partner	12,299	12,299
	14,013	**14,174**

12 Cash and bank balances

	2015 AED'000	2014 AED'000
Cash and bank balances including call deposits	161,493	158,066
Fixed deposits	711,650	888,606
Cash in hand	1,847	1,179
	874,990	**1,047,851**
Less: long-term fixed deposits with a financial institution – net (i)	(51,650)	(53,559)
	823,340	**994,292**

(i) Long-term fixed deposits

During 2014, the Company had signed a financial restructuring plan with a financial institution for settling its Wakala deposit amounting to AED 101 million. Key terms of the financial restructuring plan were as follows:

- The financial institution will make a 20% of the outstanding amount as a down payment upon signing the restructuring plan;
- 65% of the amount will be paid in monthly predetermined instalments, over a period of 12 years and will carry interest rate of 2% per annum; and
- 15% of the remaining amount will be converted into convertible contingent instruments and will be settled in cash or the financial institution's equity shares or combination of both after a period of 12 years. This will carry a profit rate of 1% payment in kind.

In 2014, upon signing the restructuring plan, and considering the key terms of the same, management had recognised an impairment charge of AED 15.3 million (Note 23) and present value impact of AED 6.7 million on the non-current fixed deposit. In 2015, the Company received AED 2.3 million against convertible contingent instruments and has accordingly written back the impairment charge by that amount.

As at 31 December 2015, the Company has cumulatively received AED 30.3 million (2014: AED 25 million) from the financial institution towards the repayment of deposit including early repayment of some of the instalments. The balance outstanding amount has been classified as non-current in accordance with the agreement.

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2015 AED'000	2014 AED'000
Cash and bank balances	874,990	1,047,851
Less: deposits with original maturity more than three months	(421,650)	(608,559)
Cash and cash equivalents	**453,340**	**439,292**

Short-term fixed deposits have original maturities of three months or less. Short-term fixed and call deposits bear profit at market rates.

13 Share capital

At 31 December 2015 and 31 December 2014, share capital comprised of 5,778,000,000 shares of AED 1 each. All shares are authorised, issued and fully paid up.

14 Legal reserve

In accordance with the UAE Federal Law No.(2) of 2015 and the Company's Articles of Association, 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital.

15 Borrowings

	2015 AED'000	2014 AED'000
Non-current		
Islamic finance obligations	342,308	397,305
Other Islamic borrowings	-	85,565
	342,308	**482,870**
Current		
Islamic finance obligations	136,540	147,283
Other Islamic borrowings	-	20,009
	136,540	**167,292**
Total borrowings	**478,848**	**650,162**

	Islamic Finance Obligations AED'000	Other Islamic Borrowings AED'000	Total AED'000
1 January 2014	701,870	124,519	826,389
Repayments	(157,283)	(18,945)	(176,228)
31 December 2014	**544,587**	**105,574**	**650,161**
Repayments	(151,304)	(20,009)	(171,313)
Transfers	85,565	(85,565)	-
31 December 2015	**478,848**	**-**	**478,848**

The Islamic finance obligations represent Ijarah, Murabaha and Mudarabah facilities obtained from Dubai Islamic Bank PJSC (a significant shareholder), and from other local Islamic banks and financial institutions. The facilities were availed to finance the properties under construction. The Islamic finance obligations carried an effective profit rate of EIBOR + 3%, with a minimum of 3.75%, to 5.5% per annum (2014: EIBOR + 3%, with a minimum of 5%, to 5.5% per annum), and were repayable in monthly or quarterly instalments over a period of five to eight years from the reporting date (2014: five to ten years).

During the current year, the Group has signed restructuring agreements of Ijarah and Murabaha facilities with the banks, whereby these facilities have been restructured into finance obligations repayable over five to eight years from the reporting date, with a revised profit rates of EIBOR + 2.5% and 3%, with a minimum of 3.75% and 4% respectively. The Islamic finance obligations are secured by mortgages over properties classified under properties held for development and sale (Note 9), property and equipment (Note 5) and investment property (Note 6).

In 2014, the Company entered into a settlement agreement with a financial institution to repay the Islamic financial obligation. In accordance with the settlement agreement, the balance amount payable was classified between current and non-current portion after recognising the present value impact on non-current portion. The terms of settlement agreement resulted in a reduction of principal amount by AED 60 million and a waiver of accrued profit by AED 87.92 million. Accordingly, an amount of AED 147.9 million was recognised as an income in the previous year. As at the reporting date, the Islamic finance obligations included facility obtained from that financial institution amounting to AED 45 million (2014: AED 145 million), which does not carry any profit rate and is repayable within one year from the reporting date.

The borrowings include an amount of AED 264,119,000 (2014: AED 303,355,000) obtained from the significant shareholder.

16 Advances from customers

Advances from customers represent instalments received from customers towards purchases of properties held for development and sale of AED 175,148,000 (2014: AED 288,285,000).

17 Trade and other payables

	2015 AED'000	2014 AED'000
Trade payables	104,193	33,377
Payables for purchase of land	391,888	396,888
Accrued Islamic facilities charges (Note 15)	29	1,778
Project cost accruals (Note 9)	44,846	27,477
Other payables and accrued expenses	230,436	200,895
	771,392	**660,415**

18 Retentions payable

	2015 AED'000	2014 AED'000
Non-current portion	10,368	1,241
Current portion	17,499	25,733
Retentions payable	**27,867**	**26,974**

Non-current retentions are due to be paid to contractors within 1 to 5 years from the statement of financial position date. The fair value of non-current retentions payable approximate to their carrying amounts as the impact of discounting is not significant.

19 Provision for employees' end of service benefits

	2015 AED'000	2014 AED'000
At 1 January	9,350	7,769
Charge for the year	2,503	2,095
Payments	(863)	(514)
At 31 December	**10,990**	**9,350**

The provision for employees' end of service benefits, disclosed as non-current liability, is calculated in accordance with the UAE Federal Labour Law.

20 Revenue

	2015 AED'000	2014 AED'000
Sale of properties	147,089	948,959
Forfeiture income	2,171	2,852
Property management	38,198	37,918
Leasing income	32,578	25,266
Facilities management	37,066	30,342
	257,102	**1,045,337**

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2016 AED'000	2017 AED'000	Total AED'000
Sale of properties	466,867	315,053	781,920

The Group applies the practical expedient as per IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

21 Direct/operating costs

	2015 AED'000	2014 AED'000
Cost of properties sold (Note 9)	109,750	880,600
Reversal of impairment of properties held for development and sale, net (Note 9)	(9,102)	(158,949)
Facilities management	20,752	16,055
Leasing cost	3,085	4,317
	124,485	**742,023**

Applying the practical expedient as per IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised in one year or less.

22 Other operating income

	2015 AED'000	2014 AED'000
Sales management fee	1,962	4,209
Others	13,207	15,274
	15,169	**19,483**

23 General and administrative expenses

	2015 AED'000	2014 AED'000
Staff costs (Note 24)	90,942	78,058
Legal and professional charges	14,945	6,734
Marketing and selling expenses	20,840	25,182
Depreciation (Note 5)	5,406	2,888
Provision for impairment of trade and other receivables, net (Note 10)	1,345	-
Rent	1,177	972
Provision for impairment on long-term deposits (Note 12 (i))	-	15,361
Social contributions	132	224
Others	23,413	26,555
	158,200	**155,974**

24 Staff costs

	2015 AED'000	2014 AED'000
Salaries and wages	60,245	56,249
End of service benefits	2,503	2,778
Pension and social security contributions	831	805
Other benefits	27,363	18,226
	90,942	**78,058**

25 Provision for claims

Provision for claims includes the following:

(i) Provision relating to legal claims made by a third party against the Company related to a facility to finance the purchase of a share in a real estate project. In the current year, a judgment was issued against the Company in relation to the claim. Subsequently, the Company entered into a settlement agreement with the third party for full and final settlement of the judgement issued against the Company except for a certain portion of the Court order which is still under appeal. Pursuant to signing of the settlement, the Company recorded the share of the real estate project at the fair value based on management assessment of the value of the project, and accordingly has reversed an impairment provision of AED 46 million in the current year (Note 10 (ii)).

Provision of AED 66 million relating to the portion under appeal is reflective of the management's best estimate of the liability that the Company may incur on these claims. Currently the proceedings are ongoing in the Court.

(ii) Provision relating to claims made by the contractors against the Company for project delays. During the year, management has reversed provision made during the previous year relating to claims made by contractors against the Company for project delays. The reversal of provision is based on the assessment by independent consultant and management's best estimate of the liability that the Company may incur on these claims.

The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and contractors claims are disputed, this information may be prejudicial to their position on these matters.

26 Write back of provision/(provision for impairment) against advance for purchase of properties

In 2014, the Company recorded an impairment provision of AED 68.6 million against advance paid for purchase of properties of AED 114 million (Note 10 (ii)), which was expected to be swapped with other plots of land and cash payment due to changes in the master development plan. The provision was reflective of the initial assessment which was determined on the basis of management's best estimate of the value of the new land expected to be received by the Company. In 2015, the Company signed a sale and purchase agreement for a new plot of land with the master developer and recognised this land including expected legal/registration charges (Note 9). The Company therefore recorded an impairment provision based on the net realisable value of the property as assessed and valued by an independent and professionally qualified valuer (Note 9). On the basis of the fair value of land, cash received and registration charges for land, the Company has written back a net provision of AED 157.8 million during the year. The legal formalities to complete the transfer of land are under progress as at the reporting date.

27 Finance (cost)/income

	2015 AED'000	2014 AED'000
Finance cost on bank borrowings	**26,775**	**39,359**
Finance income from short-term bank deposits	8,410	6,397
Finance income from unwinding of discount on trade receivables	1,482	1,100
Total finance income	**9,892**	**7,497**
Net finance cost	**(16,883)**	**(31,862)**

28 Earnings per share

Basic
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares, if any.

	2015 AED'000	2014 AED'000
Profit attributable to equity holders of the Company (AED'000)	291,354	281,850
Weighted average number of ordinary shares in issue (thousands)	5,778,000	5,778,000
Earnings per share (fils)	5.04	4.88

Diluted
The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

29 Cash flow from operating activities

	2015 AED'000	2014 AED'000
Profit for the year	**291,354**	**281,850**
Adjustment for depreciation (Note 5)	5,406	2,888
Provision for employees' end of service benefits (Note 19)	2,503	2,095
Provision for doubtful debts (Note 23)	1,345	-
Reversal of impairment of properties held for development and sale, net (Note 21)	(9,102)	(158,949)
Write back of provision against advance for purchase of properties	(157,877)	-
Provision for/(reversal of) claims	22,220	(2,803)
Finance income (Note 27)	(9,892)	(7,497)
Finance cost (Note 27)	26,775	39,359
Share of results from associates and joint ventures (Note 7)	(166,818)	(75,971)
Gain on fair valuation of investment property (Note 6)	(16,176)	(50,117)
Gain on disposal of investment in joint venture (Note 7)	-	(1,017)
Gain on disposal of property and equipment	-	(87)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	(10,262)	29,751
Payment of employees' end of service benefits (Note 19)	(863)	(514)
Changes in working capital:		
Decrease in non-current trade and other receivables	29,840	9,335
Increase/(decrease) in non-current retentions payable	9,127	(5,229)
Decrease in non-current advances from customers	(89,230)	(13,088)
Properties held for development and sale net of project cost accruals	15,412	416,135
Trade and other receivables	(22,491)	(78,889)
Inventories	(485)	(150)
Due from related parties	8,641	673,699
Retentions payable	(8,234)	(25,886)
Advances from customers	117,710	(252,566)
Trade and other payables	3,244	(40,871)
Due to related parties	(161)	(1,483)
Net cash generated from operating activities	**52,248**	**710,244**

30 Commitments

At 31 December 2015, the Group had total commitments of AED 643,676,951 (31 December 2014: AED 25,175,000) with respect to project related contracts issued net of invoices received and accruals made at that date. The Group also had commitments with respect to purchase of land of AED 170,416,500 (31 December 2014: AED 278,604,000) (Note 11(c) and Note 32).

31 Contingent liabilities

At 31 December 2015, the Group had contingent liabilities in respect of performance and other guarantees issued by a bank on behalf of a subsidiary (2014: a joint venture and a subsidiary), in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to AED 26,106,660 (31 December 2014: AED 128,881,000).

The Company is also a party to certain legal cases wherein the Company did not accept the handover due to the status of infrastructure of certain plots of land. Based on review of opinion provided by the legal advisors, management is of the opinion that no cash outflow is expected against penalty charges claimed against the Company in the legal cases. Considering the circumstances and merits of each of the cases, the Company has not recognised any provision in respect of these penalty charges. The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters. Also refer Note 30.

Certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any cash outflows for the Group.

32 Segmental information

Operating segment

The Board of Directors are the Group's chief operating decision maker. The Board considers the business of the Group as a whole for the purpose of decision making.

Management has determined the operating segments based on the purpose of allocating resources and assessing performance. The Group is organised into two major operating segments: property development, and properties and facilities management.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss.

	Property Development Activities AED'000	Properties and Facilities Management AED'000	Total AED'000
31 December 2015			
Segment revenues – external	**181,838**	**75,264**	**257,102**
Segment profit	**265,949**	**25,405**	**291,354**
Segment assets	**6,062,466**	**144,312**	**6,206,778**
31 December 2014			
Segment revenues – external	977,077	68,260	1,045,337
Segment profit	253,032	28,818	281,850
Segment assets	5,977,758	121,161	6,098,919

Geographic information

In the previous year, the Group disposed a plot of land in USA which was classified under investment property at a carrying value of AED 104,921,000 (Note 6), resulting in a gain of AED 16,981,786.

The carrying amount of the total assets located outside the United Arab Emirates as at 31 December 2015 is AED 3,280,000 (31 December 2014: AED 3,280,000).

33 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2015	Loans and Receivables AED'000	Available-for-Sale AED'000	Total AED'000
Assets as per statement of financial position			
Available-for-sale financial assets	-	23,893	23,893
Trade and other receivables	102,080	-	102,080
Due from related parties	1,951,333	-	1,951,333
Long-term fixed deposits	51,650	-	51,650
Bank balances	821,493	-	821,493
	2,926,556	**23,893**	**2,950,449**

	Amortised Cost AED'000	Total AED'000
Liabilities as per statement of financial position		
Trade and other payables	771,392	771,392
Retentions payable	27,867	27,867
Borrowings	478,848	478,848
Due to related parties	14,013	14,013
	1,292,120	**1,292,120**

31 December 2014	Loans and Receivables AED'000	Available-for-Sale AED'000	Total AED'000
Assets as per statement of financial position			
Available-for-sale financial assets	-	24,841	24,841
Trade and other receivables	173,912	-	173,912
Due from related parties	1,959,974	-	1,959,974
Long-term fixed deposits	53,559	-	53,559
Bank balances	993,113	-	993,113
	3,180,558	**24,841**	**3,205,399**

	Amortised Cost AED'000	Total AED'000
Liabilities as per statement of financial position		
Trade and other payables	660,415	660,415
Retentions payable	26,974	26,974
Borrowings	650,162	650,162
Due to related parties	14,174	14,174
	1,351,725	**1,351,725**

34 Subsidiaries and equity accounted investees entities

Name of the Entity	Country of Incorporation	Effective Ownership	Principal Activities
Subsidiaries			
Deyaar Facilities Management LLC	UAE	100%	Facility Management Services
Nationwide Realtors LLC	UAE	100%	Brokerage and Other Related Services
Deyaar Hospitality LLC	UAE	100%	Property Investment and Development
Deyaar International LLC	UAE	100%	Real Estate Consultancy
Deyaar Ventures LLC	UAE	100%	Property Investment and Development
Flamingo Creek LLC	UAE	100%	Property Investment and Development
Beirut Bay Sal	Lebanon	100%	Property Investment and Development
Deyaar West Asia Cooperatief U.A.	Netherlands	100%	Investment Holding Company
Deyaar Development Cooperation	USA	100%	Property Investment and Development
Deyaar Al Emarat Holding WLL	Bahrain	100%	Property Investment and Development
Deyaar Al Tawassol Lil Tatweer Aleqare Co.	KSA	100%	Property Investment and Development
Deyaar Limited LLC	UAE	100%	Property Investment and Development
Deyaar Owners' Association Management LLC	UAE	100%	Owners' Association Management
Joint Ventures			
Dubai International Development Co.	UAE	50%	Property Investment and Development
Arady Developments LLC	UAE	50%	Property Investment and Development
Associates			
SI Al Zorah Equity Investments Inc.	UAE	22.72%	Property Investment and Development

35 Investment in shares

During the year, the Group has not purchased or invested in any shares.

36 Comparative figures

Certain comparative figures have been regrouped/reclassified to conform to the presentation adopted in these consolidated financial statements.

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