DUBAI HOLDING
COMMERCIAL OPERATIONS GROUP LLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2015

Dubai Holding Commercial Operations Group LLC

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

DUBAI HOLDING COMMERCIAL OPERATIONS GROUP L.L.C
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2015 Audited Financial Results
Message from the Vice Chairman and Managing Director

I am pleased to share with you Dubai Holding Commercial Operations Group's ("DHCOG") audited financial results. DHCOG recorded strong growth in 2015, reporting net profit of AED 5,829 million, a 25% increase compared to AED 4,679 million in 2014. Total revenues increased by 15% to AED 14,533 million compared to AED 12,636 million last year.

DHCOG's strong performance is the result of our strategy to focus on enhancing recurring revenues across all business units, and the skill of our staff in managing financial resources. We are working towards launching new projects to further the long-term development of our businesses and strengthen the diversification of our income sources.

TECOM Group ("TECOM") continues to play an important role in developing Dubai's non-oil sector and is central to the Emirate's strategy of becoming the smartest city in the world. It also supports the delivery of the 'National Innovation Strategy', which aims to develop the UAE into one of the most innovative countries in the world. The number of registered companies at TECOM Group's business parks has increased by 11% crossing 5,100 companies with more than 76,000 creative workers.

Jumeirah Group ("Jumeirah") performed well with robust occupancy levels across its 23 hotels in Europe, the Middle East and Asia that the company operated during that year. Jumeirah continues its global expansion with a new opening and signing four hotel management agreements in Dubai, Abu Dhabi and Malaysia. Jumeirah continues to be recognised as one of the world's leading hotel chains, receiving 75 international awards in 2015.

Dubai Properties Group ("DPG") launched three new real estate projects, successfully handed over more than 800 residential units and maintained high occupancy levels at its leasing portfolio in 2015. The company also signed significant agreements with the Roads and Transport Authority and Dubai Electricity and Water Authority to meet infrastructure requirements for DPG developments.

We are determined to continue the momentum of growth and innovation in 2016 and beyond. I would like to extend my sincere thanks to my colleagues for all their hard work and commitment. At Dubai Holding, we are proud of our achievements and remain fully committed to the vision of Dubai.

Ahmad Bin Byat
Vice Chairman and Managing Director
Dubai Holding

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Operational Review

Key Highlights:

- Total revenues increased by 15% to AED 14,533 million
- Revenue from property and land sales increased by 29% to AED 7,311 million
- Recurring revenues increased by 4% to AED 7,222 million
- Net profit grew substantially by 25% to reach AED 5,829 million
- Normalized EBITDA grew to AED 7,705 million
- Total equity increased by 6% to AED 22,238 million resulting in a debt equity ratio of 0.59

AED million	2015	2014
Property and land sales revenues	*7,311*	*5,660*
Recurring revenues	*7,222*	*6,976*
Total revenues	**14,533**	**12,636**
Gross profit	4,763	6,394
% margin	*33%*	*51%*
Other operating income	869	636
EBITDA[1]	7,705	6,930
Impairment charge/(reversal) – net	490	(750)
Net profit	5,829	4,679
% margin	*40%*	*37%*

Selected balances sheet highlights

AED million	2015	2014
Total assets	82,841	87,411
Total equity	22,238	21,072
Cash and cash equivalents	7,475	4,907
Total financial debt	13,044	11,058

DHCOG continues to strengthen its liquidity and cash position as it continued to repay its amortizing bank facilities and also raised additional financial debt at highly favourable terms at its business units' level in order to maintain optimum leverage. DHCOG's next and only significant public debt maturity is the GBP500 million bond due in February 2017. At the end of 2015, DHCOG's debt-to-equity ratio stood at 0.59 (2014: 0.52).

The performance of each of DHCOG's business unit is outlined below:

- **TECOM** continued to see strong occupancy levels across its business parks with overall commercial office occupancy of 88% and occupancy of Dubai Industrial City ("DI") rising to 90%. In Dubai Internet City, Dubai Knowledge Village and Dubai Media City, occupancy levels continued their trend of 95%+, way ahead of the wider commercial market occupancy

[1] Normalized EBITDA (excluding impairments and provisions for other liabilities and charges)

rates of around 81%[1]. Such occupancy levels along with gradual price increases allowed office rental revenue to grow by 5%. DI also signed a significant number of new land leases pushing land lease revenues to grow in excess of 27%.

TECOM launched 'In5 Media', the new incubator building for media start-ups. Driven by its commitment to support innovation in science, TECOM also launched Dubai Science Park (DSP), a newly formed life science, new energy and environment business community.

TECOM's Dubai Design District "d3", which aims to create a sustainable, innovative and thriving ecosystem for the region's design industry, completed 11 buildings in Phase 1 as planned and started welcoming new business partners with occupancies reaching 50%.

Global Village remains Dubai's preferred family entertainment and cultural destination. Opening its doors for a longer period for its 19th and 20th season, it witnessed significant increase in the number of visitors, resulting in a substantial increase in revenues in 2015.

TECOM's media, events and radio business, AMG, hosted a number of mega concerts of internationally acknowledged artists, including the mega-hit "One Direction" concert, and reported consistent growth in 2015.

SmartCity, a developer of knowledge-based business townships, continued to make significant progress in 2015. SmartCity Malta's commercial properties reached occupancy levels up to 75%, while SmartCity Kochi's first phase was substantially completed with lease agreements signed for about 75% of space and new agreements to develop additional 5.5 million sq. ft. of commercial space.

The number of registered companies at TECOM's business parks has increased by 11% crossing 5,100 companies by end of 2015.

- During 2015, **Jumeirah** continued with its commitment to global expansion with the opening of the 'Jumeirah Bodrum Palace' in Turkey, while the construction of Madinat Jumeirah Al Naseem, the 430 room resort development opposite Jumeirah Burj Al Arab, is on track for completion in 2016. Jumeirah also signed four management agreements for hotels in Dubai, Abu Dhabi and Malaysia. Other milestones achieved by Jumeirah include a partnership with technology giant Google to launch 'Jumeirah Inside', an industry-first digital platform that offers guests a virtual reality tour of some of its hotels.

  2015 performance was slightly affected by the general slowdown in the hospitality sector. Although overall room revenues declined by 7%, as average room rates were reduced to maintain market share, occupancy levels increased to 77.6%, much ahead of the Dubai luxury class average of 74.4%[2].

  Jumeirah operates more than 5,500 keys in 23 hotels, resorts and residences in the Middle East, Europe and Asia including 100 food and beverage outlets, employing over 14,000 staff .

[1] Source: Jones Lang LaSalle UAE Market Overview 2015. Occupancy rate applies to single-owned buildings in Dubai
[2] Source: January 2016 STR Global report

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- During 2015, DPG through its development arm Dubai Properties ("DP"), launched new residential and commercial projects across Dubai including the highly successful Arabella Villas, as part of its destination Mudon; 1 JBR Tower, as part of its destination JBR and Dubai Wharf Tower 2 as part of its destination, Culture Village. DP also handed over more than 800 completed units mainly in Remraam and Mudon Phase 1.

  During 2015, DPG also completed substantial infrastructure works in its destinations, Business Bay and Culture Village and entered into strategic tie-ups with authorities such as Roads & Transport Authority ("RTA") and Dubai Electricity and Water Authority ("DEWA").

  DPG's portfolio management company that manages the residential, commercial and retail leasing portfolios in its districts and destinations maintained maximum occupancy rates of 99% across its residential leasing portfolio while its retail portfolio situated in prime locations such as 'The Walk' at Jumeirah Beach Residence, Bay Avenue and Bay Square reached occupancy levels of up to 83%.

  Ejadah, DPG's facilities and property management business, demonstrated exceptional growth of 20% in 2015, and DPG is confident that this business line will continue to deliver momentous growth as it embarks on regional expansion.

- During 2015, **Emirates International Telecommunications ("EIT")** successfully completed the sale of its stake in Interoute and is on track to sell its stake in GO plc. EIT's other portfolio companies 'du', Axiom and Forthnet demonstrated stable overall results. EIT will continue to seek and assess viable divestment opportunities.

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Independent auditor's report

To the shareholders of Dubai Holding Commercial Operations Group LLC

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Dubai Holding Commercial Operations Group LLC ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated balance sheet as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's 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 the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate 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 financial position of the Group as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Douglas Patrick O'Mahony, Paul Suddaby and Jacques Fakhoury are registered as practising auditors with the UAE Ministry of Economy

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Independent auditor's report (continued)

To the shareholders of Dubai Holding Commercial Operations Group LLC

Report on other legal and regulatory requirements

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

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

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

iii) the Group has maintained proper books of account;

iv) the financial information included in the report of the Vice Chairman and Managing Director is consistent with the books of account of the Group;

v) the Group has not purchased or invested in any shares during the year ended 31 December 2015;

vi) note 19 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the 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 financial position as at 31 December 2015.

PricewaterhouseCoopers
29 February 2016

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2015 AED'm	2014 AED'm
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,967	6,167
Investment property	6	36,486	36,192
Intangible assets	7	89	711
Investments in associates	8	3,893	4,484
Investments in joint ventures	9	728	649
Available-for-sale financial assets	12	192	214
Derivative financial instruments	13	33	11
Trade and other receivables	14	1,793	1,471
Due from related parties	19	640	637
		49,821	50,536
Current assets			
Inventories	17	41	79
Property held for development and sale	18	16,896	22,959
Available-for-sale financial assets	12	87	88
Trade and other receivables	14	2,735	3,584
Due from related parties	19	2,414	2,263
Cash held in escrow	20	1,150	1,495
Cash and bank balances	20	7,475	4,907
		30,798	35,375
Assets classified as held-for-sale	21	2,222	1,500
		33,020	36,875
Total assets		82,841	87,411
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	22	2,000	2,000
Contributed capital		887	887
Reserves	23	1,584	3,557
Retained earnings		17,515	14,370
		21,986	20,814
Non-controlling interests		252	258
Total equity		22,238	21,072
LIABILITIES			
Non-current liabilities			
Borrowings	26	11,832	9,622
Government grants	27	17,641	18,941
Employees' end of service benefits	29	356	332
Other payables	30	12,761	15,841
Provision for other liabilities and charges	31	602	552
Derivative financial instruments	13	841	606
Deferred income tax liabilities	41	16	16
		44,049	45,910
Current liabilities			
Trade and other payables	30	5,697	7,440
Provision for other liabilities and charges	31	4,847	5,257
Advances from customers	32	3,492	3,470
Due to related parties	19	399	399
Derivative financial instruments	13	-	37
Borrowings	26	1,212	1,436
Government grants	27	437	2,388
		16,084	20,427
Liabilities classified as held-for-sale	21	470	2
		16,554	20,429
Total liabilities		60,603	66,339
Total equity and liabilities		82,841	87,411

These consolidated financial statements were approved by the Board of Directors on ..29 February.. 2016 and signed on its behalf by:

....
Ahmad Bin Byat
Vice Chairman and Managing Director

....
Fadel Al Ali
Chief Executive Officer

The notes on pages 9 to 77 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December 2015 AED'm	2014 AED'm
Revenue	34	14,533	12,636
Direct costs		(9,770)	(6,242)
Gross profit		**4,763**	**6,394**
Release of government grants	27	2,486	740
Other operating income	35	869	636
		8,118	**7,770**
Expenses			
General and administrative	37	(1,503)	(1,846)
Marketing and selling	38	(401)	(430)
Other operating expenses	39	(610)	(921)
Operating profit		**5,604**	**4,573**
Finance costs	40	(597)	(632)
Finance income	40	162	68
Finance costs – net		**(435)**	**(564)**
Share of profit of associates and joint ventures	8,9	539	613
Profit before income tax		**5,708**	**4,622**
Income tax credit	41	12	3
Profit for the year from continuing operations		**5,720**	**4,625**
Profit for the year from discontinued operations	21	109	54
Profit for the year		**5,829**	**4,679**
Attributable to:			
Owners of the parent		5,798	4,681
Non-controlling interests		31	(2)
Profit for the year		**5,829**	**4,679**

The notes on pages 9 to 77 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2015 AED'm	2014 AED'm
Profit for the year		5,829	4,679
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Available-for-sale financial assets			
- Change in fair value for the year	12	(6)	(10)
Share of other comprehensive loss of associates and joint ventures	8,9	(6)	(10)
Cash flow hedges			
- Change in fair value for the year		26	2
- Tax impact on cash flow hedges		-	(1)
Currency translation differences			
- Arising during the year		(331)	(491)
- Transfer to consolidated income statement on disposal		59	-
		(258)	(510)
Items that will not be reclassified to profit or loss			
Actuarial losses on retirement benefit obligations	29	(1)	(3)
- Tax impact there-on		-	1
		(1)	(2)
Other comprehensive loss for the year, net of tax		(259)	(512)
Total comprehensive income for the year		5,570	4,167
Attributable to			
Owners of the parent		5,564	4,201
Non-controlling interests		6	(34)
Total comprehensive income for the year		5,570	4,167

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Notes	Share capital AED'm	Contributed capital AED'm	Other reserve AED'm	Statutory reserve AED'm	Translation reserve AED'm	Fair value reserve AED'm	Hedge reserve AED'm	Retained earnings AED'm	Total AED'm	Non-controlling interests AED'm	Total equity AED'm
		Attributable to owners of the parent										
At 1 January 2015		**2,000**	**887**	**3,503**	**1,474**	**(1,447)**	**27**	**-**	**14,370**	**20,814**	**258**	**21,072**
Comprehensive income												
Profit for the year		-	-	-	-	-	-	-	5,798	5,798	31	5,829
Other comprehensive income												
Available-for-sale financial assets	12	-	-	-	-	-	(6)	-	-	(6)	-	(6)
Share of other comprehensive income of associates and joint ventures	8,9	-	-	-	-	(5)	(1)	-	-	(6)	-	(6)
Cash flow hedges		-	-	-	-	-	-	26	-	26	-	26
Translation reserve		-	-	-	-	(247)	-	-	-	(247)	(25)	(272)
Retirement benefit obligations		-	-	(1)	-	-	-	-	-	(1)	-	(1)
Total other comprehensive income		-	-	(1)	-	(252)	(7)	26	-	(234)	(25)	(259)
Total comprehensive income		-	-	(1)	-	(252)	(7)	26	5,798	5,564	6	5,570
Transactions with owners												
Transfer to statutory reserve		-	-	-	181	-	-	-	(181)	-	-	-
Dividends	33	-	-	-	-	-	-	-	(1,500)	(1,500)	(12)	(1,512)
Transfer to the Ultimate Shareholder	19	-	-	(1,920)	-	-	-	-	(972)	(2,892)	-	(2,892)
Total transactions with owners		-	-	(1,920)	181	-	-	-	(2,653)	(4,392)	(12)	(4,404)
At 31 December 2015		**2,000**	**887**	**1,582**	**1,655**	**(1,699)**	**20**	**26**	**17,515**	**21,986**	**252**	**22,238**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

		Attributable to owners of the parent										
	Note	Share capital AED'm	Contributed capital AED'm	Other reserve AED'm	Statutory reserve AED'm	Translation reserve AED'm	Fair value reserve AED'm	Hedge reserve AED'm	Retained earnings AED'm	Total AED'm	Non-controlling interest AED'm	Total equity AED'm
At 1 January 2014		**2,000**	**887**	**3,513**	**1,244**	**(978)**	**28**	**(1)**	**10,915**	**17,608**	**306**	**17,914**
Comprehensive income												
Profit for the year		-	-	-	-	-	-	-	4,681	4,681	(2)	4,679
Other comprehensive income												
Available-for-sale financial assets	12	-	-	-	-	-	(10)	-	-	(10)	-	(10)
Share of other comprehensive income of associates and joint ventures	8,9	-	-	(10)	-	(9)	9	-	-	(10)	-	(10)
Cash flow hedges		-	-	-	-	-	-	1	-	1	-	1
Translation reserve		-	-	-	-	(460)	-	-	-	(460)	(31)	(491)
Retirement benefit obligations		-	-	(1)	-	-	-	-	-	(1)	(1)	(2)
Total other comprehensive income		-	-	(11)	-	(469)	(1)	1	-	(480)	(32)	(512)
Total comprehensive income		-	-	(11)	-	(469)	(1)	1	4,681	4,201	(34)	4,167
Transactions with owners												
Transfer to statutory reserve		-	-	-	230	-	-	-	(230)	-	-	-
Transfer to other reserve		-	-	1	-	-	-	-	(1)	-	-	-
Dividends	33	-	-	-	-	-	-	-	(1,000)	(1,000)	(14)	(1,014)
Other movements		-	-	-	-	-	-	-	5	5	-	5
Total transactions with owners		-	-	1	230	-	-	-	(1,226)	(995)	(14)	(1,009)
At 31 December 2014		**2,000**	**887**	**3,503**	**1,474**	**(1,447)**	**27**	**-**	**14,370**	**20,814**	**258**	**21,072**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2015 AED'm	2014 AED'm
Cash flows from operating activities			
Cash generated from operations	45	4,517	4,207
Payment of employees' end of service benefits	29	(50)	(36)
Payment of provision for other liabilities and charges	31	(16)	(24)
Proceeds from/(payment) on settlement of derivative financial instruments		7	(425)
Income tax paid		(22)	(34)
Net cash generated from operating activities		**4,436**	**3,688**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,421)	(674)
Proceeds from disposal of property, plant and equipment	5	10	11
Purchase of investment property, net of project accruals	6	(2,205)	(748)
Proceeds from disposal of investment property	6	75	-
Purchase of intangible assets	7	(68)	(44)
Purchase of available-for-sale financial assets	12	-	(23)
Recovery of loans receivable		-	11
Recovery of finance lease receivables	16	3	3
Recovery of loans to related parties	19	51	8
Interest received, net of accrual		160	71
Net proceeds from disposal of assets held-for-sale		588	-
Investment in associates and joint ventures	8,9	-	(71)
Dividends received	8	505	399
Net cash used in investing activities		**(2,302)**	**(1,057)**
Cash flows from financing activities			
Repayment of borrowings		(3,928)	(5,996)
Proceeds from borrowings		6,250	6,344
Interest paid, net of accruals		(546)	(786)
Cash outflow on transfer to the Ultimate Shareholder	19	(217)	-
Dividends paid to the parent company	33	(1,100)	(700)
Dividends paid to non-controlling interests		(12)	(14)
Net cash generated from/(used in) financing activities		**447**	**(1,152)**
Increase in cash and cash equivalents		**2,581**	**1,479**
Cash and cash equivalents, beginning of the year		4,907	3,441
Exchange loss on cash and cash equivalents		(3)	(13)
Cash and cash equivalents, end of the year	20	**7,485**	**4,907**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. LEGAL STATUS AND ACTIVITIES

Dubai Holding Commercial Operations Group LLC ("the Company"/"DHCOG") is a limited liability company incorporated in the Emirate of Dubai, United Arab Emirates on 29 October 2006.

The Company's registered address is PO Box 66000, Dubai, United Arab Emirates.

The Company is a wholly owned subsidiary of Dubai Holding LLC ("the parent company"). The principal activity of the Company is that of an intermediate holding company of the principal entities listed below and their subsidiaries, associates and joint ventures (referred together with the Company as "the Group"). The ultimate majority shareholder of the Group is His Highness Sheikh Mohammed Bin Rashid Al Maktoum ("the Ultimate Shareholder").

Name of entity	Principal activity	Holding percentage 2015	Holding percentage 2014
United Arab Emirates			
TECOM Investments LLC ("TECOM")	Real estate sales, leasing and services	100	100
Dubai Properties Group LLC ("DPG")	Real estate development and facilities management	100	100
Jumeirah Group LLC ("Jumeirah")	Hospitality and leisure	100	100
Emirates International Telecommunications LLC ("EIT")	International investments in the telecommunications sector	100	100
Tatweer Dubai LLC ("Tatweer")	Real estate development/leisure and entertainment	100	100

UAE Federal Law No. 2 of 2015 (the "Companies Law") has come into effect on 1 July 2015 and is only applicable to certain companies in the Group. Such companies are currently assessing and evaluating the relevant provisions of the Companies Law as the transitional provisions contained therein allow 12 months from the effective date to ensure compliance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

The preparation of 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 a 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) New amendments and interpretations adopted by the Group during the current year

There are no standards, amendments or interpretations that became effective for the first time for the annual reporting period commencing 1 January 2015 and have a material impact on the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Group. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income with no subsequent recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018 and earlier adoption is permitted. The Group is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard will replace the existing IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is currently assessing the full impact of IFRS 15.

- IFRS 16 "Leases", sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for accounting periods beginning on or after 1 January 2019. The Group is yet to assess IFRS 16's full impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured 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 and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They 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 values 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. 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.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess 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 the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Business combinations involving entities under common control do not fall under the scope of IFRS 3 "Business Combinations". Transfer of businesses under common control is accounted for under the uniting of interest method. Under the uniting of interest method there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the entities/businesses under common control are consolidated prospectively from the date of transfer without restatement of the consolidated income statement and the consolidated balance sheet comparatives.

(b) Eliminations on consolidation

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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Associates and Joint ventures

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% - 50% of the voting rights.

A joint venture is a contractual arrangement between the Group and one or more other parties to undertake economic activity that is subject to joint control.

Investments in associates and joint ventures 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 associates and joint ventures includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, 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/joint venture equals or exceeds its interest in the associate/joint venture, 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/joint venture.

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

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.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2.3 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 Dubai Holding Chairman's Committee that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 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 Dirhams ("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 income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other operating income or expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(c) Group companies

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:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
(ii) Income and expenses for each income statement are translated at average exchange rates; and
(iii) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. 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. The carrying value of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Buildings and infrastructure	20 - 35
Leasehold improvements	3 - 15*
Equipment and machinery	3 - 7
Furniture, fixtures and office equipment	3 - 4
Computer hardware	3 - 4
Motor vehicles	3 - 4
Other assets	3 - 5

**Leasehold improvements are depreciated over the lower of their expected useful lives or the lease term.*

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 (Note 2.12).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income or expenses' in the consolidated income statement.

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.

2.6 Investment property

Investment property comprises property held for capital appreciation, long term rental yields or both, and is carried at cost less accumulated depreciation and impairment losses, if any. Investment property also includes property that is being constructed or developed for future use as investment property. In addition, land held for undetermined use is classified as investment property and is not depreciated. The fair values for disclosure purposes of the investment properties are determined by external valuers every three years. Otherwise management updates the fair value of the investment property using recent market prices/transactions or alternatively, discounted cash flow projections.

When the development of investment property commences, it is classified under capital work-in-progress until development is complete, at which time it is transferred to the respective category, and depreciated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Buildings and infrastructure	20 – 35
Building interior improvements	3 – 15

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into account in determining operating profit.

2.7 Transfers

Transfers between property, plant and equipment, investment property and property held for development and sale are made when there is a change in use evidenced by commencement of owner-occupation or development with a view to sale, end of owner-occupation or commencement of an operating lease to another party, as applicable. All transfers are made at carrying value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate and joint venture as of the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill on acquisitions of associates and joint ventures is included in 'Investment in associates/joint ventures' and is tested for impairment as part of the overall balance.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Customer base

The customer base arising on business combination comprises customer contracts and related customer relationships. The customer base amount is arrived at by calculating the present value of the expected future economic benefits to arise from those customer contracts and customer relationships after deducting a contributory asset charge. Amortisation is calculated using the straight-line method to allocate the cost of the customer base amount over their contractual period or estimated useful lives of 5 years.

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(d) Licenses and re-use rights

The total cost of acquiring the license and/or re-use right is capitalised as an intangible asset and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the term of the licenses or rights. Theme park licenses, with a term commencing from the date of opening, are subject to amortisation only upon start-up of the park's operations.

(e) Trade names

Trade names acquired in a business combination are recognised at fair value at the acquisition date. Separately acquired trade names are initially recognised at cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the cost of the trade names over their estimated useful lives of 6 to 10 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. 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) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) 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 end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'loans receivable', 'due from related parties' and 'cash and cash equivalents' in the consolidated balance sheet.

(c) 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the balance sheet date.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, 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. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'other operating income/other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of 'other operating income' when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in consolidated statement of comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'other operating income'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of 'other operating income'. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of 'other operating income' when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    - i) adverse changes in the payment status of borrowers in the portfolio; and
    - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

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 asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets 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 income statement.

Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss for an asset other than goodwill shall be recognised immediately in the consolidated income statement. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less residual value over the remaining useful life.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivatives are only used by the Group for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes only. The fair values of various derivative instruments used for hedging are disclosed in Note 13. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability if expected to be settled within 12 months; otherwise, they are classified as non-current.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the consolidated income statement within 'other operating income/expenses'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the consolidated income statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities (continued)

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within ‘other operating income’ or ‘other operating expenses’.

Amounts accumulated in equity are recycled in the consolidated income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement within ‘finance costs – net’. However when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement within ‘other operating income’ or ‘other operating expenses’.

(c) Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any these derivative instruments are recognised immediately in the consolidated income statement.

Derivatives used by the Group are:

(i) Currency and interest rate swaps

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps.

(ii) Forward foreign exchange contracts

Forward foreign exchange contracts are agreements between two parties to exchange two designated currencies at a specific time in the future.

The Group’s credit risk represents the potential cost to replace the derivatives if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Trade receivables

Trade receivables are amounts due from customers for land and properties sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Inventories

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

2.16 Property held for development and sale

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

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, balances in current accounts, call accounts, term deposits with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.18 Assets classified as held-for-sale

Assets are classified as assets held-for-sale when their carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement 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 draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 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.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 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 pre-tax 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.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.22 Employee benefits

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

An accrual is made for employees in the UAE for estimated liability for their entitlement to annual leave and leave passage as a result of services rendered up to the balance sheet date. Provision is also made, using actuarial techniques, for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date.

The accruals relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

(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 income statement, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

(c) Defined contribution plan

A number of subsidiaries of the Group participate in a defined contribution plan sponsored by a fellow subsidiary. For the defined contribution plan, these subsidiaries pay contributions to a privately administered pension plan on a voluntary basis for certain eligible employees. The subsidiaries have no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets (including tax losses) are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Government grants

(a) Land

Land granted to the Group by the Government of Dubai is initially recognised at fair value prevailing at the time of the grant, as determined by independent qualified appraisers, and recognised as an asset with a corresponding credit to deferred government grant classified as a non-current liability. This is subsequently released to the consolidated income statement as follows:

(i) Where land is held-for-sale without any further development, the grant is released when sale of the land is recognised;

(ii) Where land is held-for-sale or lease after development, the grant is released when development on the land, in accordance with master plans approved by the Group, has commenced;

(iii) Where land is held for leasing, the grant is released on commencement of the lease.

Where plots of land are developed or sold in phases, the elements of grants released to the consolidated income statement are calculated with reference to the gross floor area on a pro-rata basis.

Returns of granted land, impairment losses or reversals of impairment on granted land that arise prior to the conditions attached for release of government grants are met, are adjusted directly against deferred government grants in the consolidated balance sheet.

(b) Other grants

All other forms of government grants are accounted for under the income approach in accordance with IAS 20, 'Accounting for Government Grants and Disclosure of Government Assistance'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Revenue recognition

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.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of land and buildings

Revenue from sale of land and buildings is recognised in the consolidated income statement when the risks and rewards of ownership are transferred to the buyer, which is deemed to take place when legal title passes to the buyer. The significant risks and rewards are deemed to be transferred when the title deed is registered in the name of the buyer, which in the case of the buildings generally takes place only upon completion of construction and physical handover of the buildings. However, in certain circumstances, equitable interest in the land and buildings may vest in the buyer before the legal title passes and therefore the risks and rewards of ownership are transferred at that stage. In such cases, provided that the Group has no further substantial acts to complete in connection with the sale of the land or buildings, revenue is recognised when equitable interest in the land or buildings passes to the buyer.

(b) Deferred revenue

Where the consideration for the sale of land and/or buildings includes provision of subsequent infrastructure facilities, the attributable amount of revenue for the provision of infrastructure facilities is deferred and recognised only upon substantial completion of such facilities. All infrastructure related costs incurred until completion, which include the cost of infrastructure land, are included in work-in-progress within property held for development and sale and are recognised as cost of sales when the related revenue is recognised in the consolidated income statement. The amount of revenue deferred in relation to the provision of infrastructure facilities is determined by estimating the total cost to completion of those facilities, plus a margin that reflects current market rates for the construction of such facilities.

(c) Rental income

Rental 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.

(d) Telecommunications, IT and related revenue

Revenue from telecommunications, IT and related services is recognised when the services are rendered. Revenue from maintenance contracts is recognised on a time apportionment basis. Revenue from equipment sales is recognised when the risk and rewards of ownership are transferred to the buyer. Equipment lease revenues are recognised on a straight-line basis over the life of the lease.

(e) Hotel revenue

Hotel revenue from rooms rental, food and beverage sales and other ancillary services is recognised when the rooms are rented, goods are sold and services are rendered, net of discounts and municipality fees where applicable.

(f) Commercials and sponsorships revenue

Commercial and sponsorship revenue (advertising) is recognised when the advertisement is published and related services are rendered, by reference to the stage of completion of the services provided at the balance sheet date. Events revenue is recognised when events are held.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Revenue recognition (continued)

(g) Incorporation and government services

Incorporation and government services revenue is recognised when the services are rendered.

(h) Facilities and property management

Revenue from facilities and property management is recognised when the services are rendered.

(i) Barter transactions

Revenue relating to barter transactions is recorded at the fair value of goods and services received. When the fair value of the services received cannot be measured reliably, the revenue is measured at the fair value of the services provided, adjusted by the amount of any cash and cash equivalents transferred.

2.26 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.27 Dividend income

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

2.28 Leases

(a) Operating 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 income statement on a straight-line basis over the period of the lease.

(b) Finance leases

Finance leases, which transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased asset, are shown as receivable at the inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance income and reduction of the lease receivable so as to achieve a constant periodic rate of interest on the remaining balance of the receivable. Finance income is credited directly to income so as to produce a constant periodic rate of interest on the remaining balance of receivable for each period. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

2.29 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.

2.30 Advances from customers

Instalments received from buyers, for sales of land and/or buildings, prior to meeting the revenue recognition criteria, are recognised as advances from customers. These are subsequently released to the consolidated income statement once the revenue recognition criteria are met. Advances from customers may also be released to the consolidated income statement in accordance with the procedures set out by the Dubai Real Estate Regulatory Authority (“RERA”), when a customer defaults on its contractual obligations.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's multinational operations and significant debt financing exposes it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate 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. The Group uses financial instruments to hedge certain risk exposures.

Risk management is carried out by the individual entities within the Group, with oversight from the Company's Risk Management Department, under policies approved by the Dubai Holding Chairman's Committee ("Committee"). The Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the British Pound ("GBP") and the Euro ("EUR"). With the UAE dirham currently being pegged to the US dollar, foreign exchange risk between these two currencies is limited. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group uses foreign currency borrowings, forward foreign exchange contracts and cross currency swaps to hedge its risks arising from significant exposure denominated in foreign currencies.

In order to hedge the foreign exchange exposure, the Group firstly utilises natural hedges (for instance, matching of foreign currency receivables against payables in the same currency elsewhere in the Group) and then enters into foreign exchange deals for the remaining Group exposure with external counterparties. The Group finances certain investments through the use of foreign currency borrowings to hedge the foreign currency exposure arising from foreign investments. The Group mainly uses currency swaps and forward foreign exchange contracts to hedge and manage foreign exchange risks.

GBP/AED exchange rate sensitivity analysis

At 31 December 2015, if the GBP had weakened/strengthened by 5% (2014: 5%) against the AED with all other variables held constant, post-tax profit for the year would have been higher/lower by AED 136 million (2014: AED 144 million), mainly as a result of foreign exchange gains/losses on translation of GBP-denominated borrowings and trade payables.

EUR/AED exchange rate sensitivity analysis

At 31 December 2015, if the EUR had weakened/strengthened by 5% (2014: 5%) against the AED with all other variables held constant, post-tax profit for the year would have been AED 5 million higher/lower (2014: AED 14 million) mainly as a result of foreign exchange gains/losses on translation of EUR-denominated borrowings and trade payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below shows the exposure to different currencies of the Group's financial assets and liabilities:

	AED AED'm	USD AED'm	GBP AED'm	EUR AED'm	Others AED'm	Total AED'm
At 31 December 2015						
Financial assets						
Available-for-sale financial assets	2	277	-	-	-	279
Derivative financial instruments	22	11	-	-	-	33
Trade and other receivables	2,395	24	163	21	4	2,607
Due from related parties	3,048	-	5	-	1	3,054
Cash and bank balances (including held in escrow)	7,971	575	6	46	27	8,625
	13,438	887	174	67	32	14,598
Financial liabilities						
Borrowings	6,414	3,800	2,702	73	55	13,044
Derivative financial instruments	46	795	-	-	-	841
Trade and other payables	6,012	59	193	85	37	6,386
Due to related parties	399	-	-	-	-	399
	12,871	4,654	2,895	158	92	20,670
At 31 December 2014						
Financial assets						
Available-for-sale financial assets	18	284	-	-	-	302
Derivative financial instruments	-	-	-	11	-	11
Trade and other receivables	2,837	29	176	100	3	3,145
Due from related parties	2,830	52	1	17	-	2,900
Cash and bank balances (including held in escrow)	6,050	118	11	200	23	6,402
	11,735	483	188	328	26	12,760
Financial liabilities						
Borrowings	4,426	3,462	2,855	311	4	11,058
Derivative financial instruments	77	557	-	9	-	643
Trade and other payables	6,101	27	206	280	20	6,634
Due to related parties	399	-	-	-	-	399
	11,003	4,046	3,061	600	24	18,734

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group does not have a significant exposure to equity securities price risk through investments held by the Group and classified on the consolidated balance sheet as available-for-sale. The Group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (floating rate loan notes and borrowings). Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The ratio of variable rate borrowings to fixed rate borrowings is 80:20 (2014: 75:25). As described in notes 2.13 and 13, the Group manages its interest rate risk by using derivative instruments such as interest rate swaps.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for net exposures of the Group to interest bearing liabilities.

At 31 December 2015, if interest rates on variable rate borrowings had been 0.5% (2014: 0.5%) higher/lower with all other variables held constant, the impact on post-tax profit/(loss) would be a decrease/increase of AED 53 million (2014: AED 42 million), as a result of higher/lower interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed at the operating subsidiaries level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to real estate customers, including outstanding receivables and committed transactions.

Trade receivables are either made to customers with an appropriate credit history or secured by bank guarantees. Derivative assets and bank deposits are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The table below shows the balances with major banks (based on Moody's rating) at the balance sheet date.

Counterparties with external credit rating	**2015 AED'm**	**2014 AED'm**
Bank balances		
Aa1	23	-
Aa2	27	3
A1	35	158
A2	52	53
A3	25	186
Baa1	5,031	3,185
Baa2	1,664	1,845
Baa3	1	-
Ba2	6	1
Ba3	1	2
B1	1	1
NA*	1,753	962
	8,619	6,396

** Balances maintained with certain UAE banks with no formal credit rating. However, management views these banks to be high-credit-quality financial institutions with no history of default.*

Cash in hand of AED 6 million (2014: AED 6 million) has been excluded from the above bank balances.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest where applicable.

	Within 1 year AED'm	2 to 5 years AED'm	More than 5 years AED'm
At 31 December 2015			
Borrowings	1,773	11,400	1,991
Trade and other payables	5,099	919	724
Net settled derivatives	34	6	-
Loans from related parties	261	-	-
Due to related parties	139	-	-
	7,306	12,325	2,715
Off balance sheet guarantees (Note 42)	147	191	416
At 31 December 2014			
Borrowings	2,024	10,694	22
Trade and other payables	6,225	420	2
Net settled derivatives	37	11	38
Loans from related parties	259	-	-
Due to related parties	140	-	-
	8,685	11,125	62
Off balance sheet guarantees (Note 42)	260	3	441

The Group has the following undrawn borrowing facilities:

	2015 AED'm	2014 AED'm
Floating rate:		
- Expiring within one year	1,276	5,273
- Expiring beyond one year	356	309

Note 26 analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Note 13 analyses the derivative financial instruments between assets and liabilities, including the contract amounts and fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis (mainly cross currency swaps) into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year AED'm	**2 to 5 years AED'm**	**More than 5 years AED'm**
At 31 December 2015			
Derivatives			
Cross currency contracts and interest rate swaps			
- Outflow	(116)	(3,708)	(3)
- Inflow	191	3,070	14
	75	(638)	11
At 31 December 2014			
Derivatives			
Cross currency contracts and interest rate swaps			
- Outflow	(40)	(3,829)	-
- Inflow	33	3,415	-
	(7)	(414)	-

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 provide returns for 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 its capital structure, the Group may increase or reduce debt or adjust the amount of dividends paid to shareholders.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet and loans from related parties) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 AED'm	**2014 AED'm**
Total borrowings and loans from related parties (Notes 19, 26)	13,304	11,316
Less: cash and cash equivalents (Note 20)	(7,485)	(4,907)
Net debt	5,819	6,409
Total equity	22,238	21,072
Total capital	28,059	27,481
Gearing ratio	21%	23%

The decrease in the gearing ratio during 2015 resulted primarily due to cash generated from operations and from the increase in total equity due to profit for the year.

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table on the following page analyses financial instruments carried at fair value, by valuation method. 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2.

If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 AED'm	Level 2 AED'm	Level 3 AED'm	Total AED'm
Assets				
Financial assets at fair value through profit or loss				
- Derivatives 'held for trading'	-	7	-	7
- Derivatives designated as cash flow hedges	-	26	-	26
Available-for-sale financial assets				
- Money market funds	190	87	2	279
Total assets	190	120	2	312
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives 'held for trading'	-	841	-	841

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 AED'm	Level 2 AED'm	Level 3 AED'm	Total AED'm
Assets				
Financial assets at fair value through profit or loss				
- Derivatives 'held for trading'	-	-	11	11
Available-for-sale financial assets				
- Equity Securities	-	-	17	17
- Money market funds	196	88	1	285
Total assets	196	88	29	313
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives 'held for trading'	-	633	9	642
- Derivatives designated as cash flow hedges	-	1	-	1
Total liabilities	-	634	9	643

The following table presents the movement in level 3 financial instruments:

	2015 AED'm	2014 AED'm
At 1 January	29	208
Additions during the year	-	28
Change in fair value for the year	1	(10)
Transfers out of level 3	-	(196)
Transfer to the Ultimate Shareholder	(17)	-
Reclassified to assets held-for-sale	(11)	-
Exchange differences	-	(1)
At 31 December	2	29

During 2014 the Group's investment in certain money market funds got publicly listed and were hence transferred to level 1.

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 below.

(a) Impairment of assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the higher of, the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate, and the assets' fair value less costs to sell.

In calculating the 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:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the term period of three to five years.

- Capitalisation rates of 8.5%-9.75% applied to cash flows are based on the Group's weighted average yield based upon the timing of the cash flows, with a risk premium reflecting the relative risks in the markets in which the businesses operate.

A net impairment reversal of AED 520 million (2014: AED 264 million) has been recognised against investment property (Note 6). This reversal has been recorded following management's impairment review of these balances due to the change in the estimates used to determine the assets' recoverable amount arising from the overall improvement in the competitive environment in which the Group operates.

An impairment charge of AED 403 million has been recognised against an investment in an associate due to the continued deterioration in the political and economic environment in which the associate operates (Note 8).

An impairment reversal of AED 38 million (2014: AED 165 million) has been recognised in respect of an investment in a joint venture due to improvement in the performance and resultant increase in fair value of the joint venture's underlying projects (Note 9).

An impairment charge of AED 51 million (2014: AED 19 million) has been recognised against property held for development and sale following an assessment of their net realisable values (Note 18).

The impairment reversal/charge has been determined as the difference between the carrying amount of the investment property and investments in associates and joint ventures (before impairment reversal/charge) and the respective recoverable amount. The recoverable amount has been determined on the basis of "value in use". In the case of property held for development and sale, the impairment charge has been determined as the difference between the carrying amount and the "net realisable value".

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Fair value of land and government grants

As described in Note 2.24, land granted to the Group by the Government of Dubai is initially recognised at fair value prevailing at the time of the grant, as determined by independent qualified appraisers. Significant judgement is required in determining the fair value of the land granted. Such grants are released to the consolidated income statement in accordance with the accounting policy on government grants as set out in Note 2.24. In applying this policy to plots of land that are developed or sold in phases, the elements of grants released to the consolidated income statement are calculated with reference to the gross floor area on a pro-rata basis. Note 27 analyses the movement in the Group's government grants.

(c) Infrastructure estimates and deferred revenue

As described in Note 2.25 (b), the Group defers a portion of revenue from sale of land and buildings if the Group has further substantial obligations to complete the infrastructure facilities in connection with the sale of such land and buildings. The amount of revenue deferred in relation to the provision of such infrastructure facilities is determined by estimating the total cost to completion of those facilities. This requires the use of significant estimates and judgements to determine the quantum of infrastructure facilities required, the costs and time required to complete their construction, and the expected share of costs that may be recharged to the Group on account of infrastructure developed or under development by third parties or government authorities that are beyond the Group's control.

The amount of revenue deferred at 31 December 2015 is based on management's best estimate at that date of the total costs to complete construction of the related infrastructure facilities, and the Group's final cost of infrastructure may ultimately be materially different.

(d) Contractors' claims

Historically, certain contractors had raised claims on the Group for termination or delay of contracts for construction and consultancy, demobilisation of the contractor's equipment, repatriation costs associated with the contractor's staff and labour and other associated costs. Provisions in respect of contractors' claims are subject to various uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of the provision, and the Group's final liability may ultimately be materially different. The Group's total liability in respect of contractors' claims is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of discussion with the contractors, the Group's experience and the experience of others in similar contracts and the opinions and views of legal counsel. Predicting the outcome of the Group's terminated contracts is inherently difficult, particularly in cases in which claimants seek substantial or indeterminate damages. See Note 44 "Contingencies" for information on the Group's contingent liabilities with contractors. At 31 December 2015, the likelihood of economic outflows resulting from these claims is assessed to be AED 248 million (2014: AED 283 million) representing management's best estimate of the liabilities that may be incurred in this regard. The movement in the provision has been disclosed in Note 31 and the release/charge has been included within 'other operating expenses' (Note 39).

At 31 December 2015, if the proportion of the claim provided for was 5% higher/lower, with all other variables held constant, post-tax profit for the year would have been AED 12 million (2014: AED 12 million) lower/higher.

(e) Legal claims

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation or arbitration, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. See Note 44 "Contingencies" for information on the Group's contingent liabilities for legal claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Land AED'm	Buildings and infra-structure AED'm	Leasehold improvements AED'm	Equipment and machinery AED'm	Furniture, fixtures and office equipment AED'm	Computer hardware AED'm	Motor vehicles AED'm	Other assets AED'm	Capital work-in-progress AED'm	Total AED'm
Cost											
At 1 January 2015		1,198	5,666	207	1,372	2,939	156	20	115	2,899	14,572
Additions		-	118	24	147	269	16	10	2	835	1,421
Disposals		-	(6)	-	(90)	(55)	-	(3)	(3)	-	(157)
Write-offs/retirements	39	-	(44)	-	(6)	(6)	-	-	(3)	(37)	(96)
Transfers to investment property	6	-	(13)	-	-	-	-	-	-	(8)	(21)
Transfers from investment property	6	-	37	-	-	-	-	-	-	103	140
Transfers from property held for development and sale	18	28	-	-	-	-	-	-	-	32	60
Transfer to the Ultimate Shareholder	19	(36)	(330)	(10)	(33)	(33)	(17)	-	(2)	(862)	(1,323)
Reclassified to assets held-for-sale	21	-	(61)	-	(1,093)	-	(35)	(3)	-	(8)	(1,200)
Transfers from capital work-in-progress		-	4	1	2	69	-	-	-	(76)	-
Exchange differences		(3)	(24)	(1)	(121)	(1)	(3)	-	-	(1)	(154)
At 31 December 2015		1,187	5,347	221	178	3,182	117	24	109	2,877	13,242
Depreciation and impairment											
At 1 January 2015		60	2,626	187	974	2,332	137	15	110	1,964	8,405
Charge for the year		-	183	22	77	200	10	2	3	-	497
Disposals		-	(3)	-	(89)	(55)	(0)	(3)	(2)	-	(152)
Write-offs/retirements	39	-	(37)	-	(5)	(6)	-	-	(3)	-	(51)
Transfers to investment property	6	-	(2)	-	-	-	-	-	-	-	(2)
Transfer to the Ultimate Shareholder	19	-	(23)	(9)	(24)	(32)	(15)	-	(2)	(405)	(510)
Reclassified to assets held-for-sale	21	-	(50)	-	(737)	-	(25)	(3)	-	-	(815)
Exchange differences		-	(7)	(1)	(86)	-	(3)	-	-	-	(97)
At 31 December 2015		60	2,687	199	110	2,439	104	11	106	1,559	7,275
Net book amount at 31 December 2015		1,127	2,660	22	68	743	13	13	3	1,318	5,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Land AED'm	Buildings and infra-structure AED'm	Leasehold improvements AED'm	Equipment and machinery AED'm	Furniture, fixtures and office equipment AED'm	Computer hardware AED'm	Motor vehicles AED'm	Other assets AED'm	Capital work-in-progress AED'm	Total AED'm
Cost											
At 1 January 2014		998	5,686	186	1,536	2,730	165	20	114	3,026	14,461
Government grants received	27	145	-	-	-	-	-	-	-	-	145
Additions		-	37	23	69	186	10	2	4	343	674
Disposals		-	(4)	(1)	(1)	(47)	(11)	(1)	(3)	-	(68)
Write-offs/retirements	39	-	(6)	-	(68)	(3)	-	-	-	(6)	(83)
Transfers to investment property	6	(6)	(29)	-	-	(1)	-	-	-	(519)	(555)
Transfers from investment property	6	13	-	-	-	-	-	-	-	-	13
Transfers to intangible assets	7	-	-	-	-	-	(3)	-	-	(10)	(13)
Transfers from property held for development and sale	18	52	-	-	-	-	-	-	-	156	208
Transfers from capital work-in-progress		-	13	-	1	75	-	-	-	(89)	-
Exchange differences		(4)	(31)	(1)	(165)	(1)	(5)	(1)	-	(2)	(210)
At 31 December 2014		1,198	5,666	207	1,372	2,939	156	20	115	2,899	14,572
Depreciation and impairment											
At 1 January 2014		40	2,463	168	1,069	2,165	141	15	109	2,218	8,388
Charge for the year		-	197	20	92	202	12	2	3	-	528
Disposals		-	(4)	(1)	(1)	(38)	(10)	(1)	(3)	-	(58)
Write-offs/retirements	39	-	(5)	-	(68)	(3)	-	-	-	-	(76)
Impairment	39	-	1	-	-	6	-	-	1	100	108
Transfers to investment property	6	-	(16)	-	-	-	-	-	-	(436)	(452)
Transfers to intangible assets	7	-	-	-	-	-	(3)	-	-	-	(3)
Transfers from property held for development and sale	18	20	-	-	-	-	-	-	-	82	102
Exchange differences		-	(10)	-	(118)	-	(3)	(1)	-	-	(132)
At 31 December 2014		60	2,626	187	974	2,332	137	15	110	1,964	8,405
Net book amount at 31 December 2014		1,138	3,040	20	398	607	19	5	5	935	6,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The land on which a resort owned and operated by Jumeirah is constructed has not been recorded in the books of the Group. It is held in the name of the Ultimate Shareholder. No amount is payable by the Group for the use of such land.

Depreciation charge is included under:

	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm
Direct costs	347	369
General and administrative expenses	84	73
Marketing and selling	1	1
Discontinued operations	65	85
	497	528

6. INVESTMENT PROPERTY

	Note	Land AED'm	Buildings AED'm	Infrastructure AED'm	Building interior improvements AED'm	Capital work-in-progress AED'm	Total AED'm
Cost							
At 1 January 2015		33,318	14,559	2,774	233	5,788	56,672
Additions		1	19	-	13	2,267	2,300
Disposals		-	-	(106)	-	-	(106)
Write-offs/retirements	39	-	(36)	-	-	(10)	(46)
Government grants returned	27	(248)	-	-	-	-	(248)
Transfers to property, plant and equipment	5	-	-	-	-	(140)	(140)
Transfers from property, plant and equipment	5	-	13	-	-	8	21
Transfers to property held for development and sale	18	-	-	(37)	-	-	(37)
Transfers from property held for development and sale	18	72	89	-	-	31	192
Transfer to the Ultimate Shareholder	19	(1,204)	(382)	(10)	-	(117)	(1,713)
Transfers from capital work-in-progress		76	1,900	260	2	(2,238)	-
Exchange differences		(3)	(14)	(12)	-	(22)	(51)
At 31 December 2015		32,012	16,148	2,869	248	5,567	56,844
Depreciation and impairment							
At 1 January 2015		12,468	4,646	677	222	2,467	20,480
Charge for the year		1	440	100	5	-	546
Disposals		-	-	(8)	-	-	(8)
Write-offs/retirements	39	-	(13)	-	-	(2)	(15)
Impairment (reversal)/charge		(520)	-	-	-	-	(520)
Transfers from property, plant and equipment	5	-	2	-	-	-	2
Transfers to property held for development and sale	18	-	-	(7)	-	-	(7)
Transfer to the Ultimate Shareholder	19	(16)	(96)	(4)	-	(3)	(119)
Transfers from capital work-in-progress		32	214	-	-	(246)	-
Exchange differences		-	(1)	-	-	-	(1)
At 31 December 2015		11,965	5,192	758	227	2,216	20,358
Net book amount at 31 December 2015		20,047	10,956	2,111	21	3,351	36,486

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

6. INVESTMENT PROPERTY (continued)

	Note	Land AED'm	Buildings AED'm	Infrastructure AED'm	Building interior improvements AED'm	Capital work-in-progress AED'm	Total AED'm
Cost							
At 1 January 2014		35,074	13,563	2,612	225	5,859	57,333
Additions		-	-	10	9	499	518
Write-offs/retirements	39	-	(22)	-	-	(38)	(60)
Government grants received	27	176	-	-	-	-	176
Government grants returned	27	(449)	-	-	-	-	(449)
Transfers to property, plant and equipment	5	(13)	-	-	-	-	(13)
Transfers from property, plant and equipment	5	6	548	-	1	-	555
Transfers to property held for development and sale	18	(1,634)	-	(78)	-	(55)	(1,767)
Transfers from property held for development and sale	18	215	157	-	-	70	442
Transfers to/from capital work-in-progress		(55)	331	246	(2)	(520)	-
Exchange differences		(2)	(18)	(16)	-	(27)	(63)
At 31 December 2014		33,318	14,559	2,774	233	5,788	56,672
Depreciation and impairment							
At 1 January 2014		12,357	4,340	590	207	2,627	20,121
Charge for the year		1	388	98	15	-	502
Write-offs/retirements	39	-	(6)	-	-	-	(6)
Government grants returned	27	(285)	-	-	-	-	(285)
Impairment charge/(reversal)		428	(721)	-	-	29	(264)
Transfers from property, plant and equipment	5	-	452	-	-	-	452
Transfers to property held for development and sale	18	(33)	-	(11)	-	-	(44)
Transfers from property held for development and sale	18	-	5	-	-	-	5
Transfers from capital work-in-progress		-	189	-	-	(189)	-
Exchange differences		-	(1)	-	-	-	(1)
At 31 December 2014		12,468	4,646	677	222	2,467	20,480
Net book amount at 31 December 2014		20,850	9,913	2,097	11	3,321	36,192

6. INVESTMENT PROPERTY (continued)

Fair value

As described in Note 2.6, the Group carries its investment property at cost less accumulated depreciation and impairment losses under the cost model in accordance with IAS 40, 'Investment Property'. IAS 40 also requires separate disclosure of the fair values of investment property when the cost model is used. The Group engages professionally qualified external valuers at least once every three years to determine the fair values for disclosure purposes. The fair values for all other years are determined by the Group's professionally qualified internal valuation teams.

Valuation techniques underlying management's estimation of fair value

'Residual price method' involves determination of the estimated selling price of a project development on the respective plots of land; reduced by the estimated construction and other costs to completion that would be incurred by a market participant and an estimated profit margin that a market participant would require to hold and develop the plots to completion. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The valuation method adopted for these land plots is based on inputs that are not based on observable market data (that is, unobservable inputs - Level 3).

'Capitalisation/discounted cash flow method' involves determination of the value of the investment property by calculating the net present value of expected future earnings. The significant inputs into this valuation approach are the future rental cash inflows, growth rates, discount rates and capitalisation rates. The valuation method adopted for these properties is based on inputs that are not based on observable market data (that is, unobservable inputs - Level 3).

'Sales comparison method' involves determination of the value of the investment property with reference to comparable market transactions for properties in close proximity. These values are adjusted for differences in key attributes such as size, gross floor area and location. The most significant input into this valuation approach is price per square foot. The valuation method adopted for these properties is based on inputs that are indirectly derived from prices observable for the assets and then adjusted by inputs that are not based on observable market data (that is, unobservable inputs - Level 3).

The capitalisation/discounted cash flow method has been applied for the valuation of the Group's residential, commercial and land lease portfolios including those under construction and the related infrastructure.

The residual price and sales comparison methods have been applied for the valuation of the Group's land and related infrastructure.

There were no changes to the valuation techniques during the year.

A formal external valuation of the Group's investment property was performed at 31 December 2015. Based on such valuation, the fair value of the investment property at 31 December 2015 was AED 69,793 million, which was higher than the net book amount of AED 36,486 million. In the prior year, the formal external valuation of the Group's investment property at 31 December 2014 was AED 73,879 million as against a net book amount of AED 36,193 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

6. INVESTMENT PROPERTY (continued)

The net impairment reversal against investment property is analysed as follows:

	2015 AED'm	2014 AED'm
Reversed/(charged) against deferred government grants (Note 27)	520	(346)
Reversed in the consolidated income statement (Note 39)	-	610
	520	264

The land on which the retail area of a resort owned and operated by Jumeirah is constructed has not been recorded in the books of the Group. It is held in the name of the Ultimate Shareholder. No amount is payable by the Group for the use of such land.

Certain investment property having a net book amount of AED 1,278 million (2014: AED 1,375 million) has been pledged as security against loan facilities obtained by the Group (Note 26).

Certain investment property has been pledged as security against a loan facility obtained by the parent company. At 31 December 2015, the parent company, in coordination with the lender, was in the process of substituting one of the pledged properties with another property of similar fair value. At 31 December 2015, the net book amount of investment property pledged as security against this facility, excluding the property under substitution, was AED 2,669 million (2014: AED 2,737 million).

The following amounts have been recognised in the consolidated income statement in respect of investment property:

	Year ended 31 December 2015 AED'm	 2014 AED'm
Rental income	2,855	2,487
Direct operating expenses arising from investment properties (including depreciation)	1,048	1,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

7. INTANGIBLE ASSETS

	Note	Goodwill AED'm	Customer base AED'm	Computer software AED'm	Licences and trade names AED'm	Others AED'm	Total AED'm
Cost							
At 1 January 2015		379	284	232	365	41	1,301
Additions		-	-	31	29	8	68
Write-offs	39	-	(35)	-	(32)	-	(67)
Reclassified to assets held-for-sale	21	(340)	(221)	(60)	(89)	(12)	(722)
Other transfers		-	-	3	-	(3)	-
Exchange differences		(39)	(28)	(6)	(10)	(1)	(84)
At 31 December 2015		-	-	200	263	33	496
Amortisation and impairment							
At 1 January 2015		-	181	163	211	35	590
Charge for the year		-	15	31	27	1	74
Write-offs	39	-	(35)	-	(32)	-	(67)
Impairment charge	39	-	-	-	109	-	109
Reclassified to assets held-for-sale	21	-	(143)	(55)	(59)	(11)	(268)
Exchange differences		-	(18)	(5)	(8)	-	(31)
At 31 December 2015		-	-	134	248	25	407
Net book amount at 31 December 2015		-	-	66	15	8	89

During the year an impairment charge of AED 109 million was recorded and included within 'other operating expenses' (Note 39). This charge was recorded due to the cancellation of a license agreement.

Other intangible assets mainly include long-term management contracts, master plans and software under implementation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

7. INTANGIBLE ASSETS (continued)

	Note	Goodwill AED'm	Customer base AED'm	Computer software AED'm	Licences and trade names AED'm	Others AED'm	Total AED'm
Cost							
At 1 January 2014		433	375	195	388	68	1,459
Additions		-	-	26	14	4	44
Write-offs	39	-	-	(2)	(10)	(15)	(27)
Transfer from property, plant and equipment	5	-	-	13	-	-	13
Disposal of a subsidiary		(2)	(51)	(1)	(12)	(5)	(71)
Other transfers		-	-	10	-	(10)	-
Exchange differences		(52)	(40)	(9)	(15)	(1)	(117)
At 31 December 2014		379	284	232	365	41	1,301
Amortisation and impairment							
At 1 January 2014		-	235	145	172	51	603
Charge for the year		-	22	26	41	-	89
Write-offs	39	-	-	(2)	(8)	(12)	(22)
Impairment charge	39	-	-	-	24	-	24
Transfer from property, plant and equipment	5	-	-	3	-	-	3
Disposal of a subsidiary		-	(51)	(1)	(9)	(4)	(65)
Exchange differences		-	(25)	(8)	(9)	-	(42)
At 31 December 2014		-	181	163	211	35	590
Net book amount at 31 December 2014		379	103	69	154	6	711

Other intangible assets mainly include long-term management contracts, master plans and software under implementation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

8. INVESTMENTS IN ASSOCIATES

	2015 AED'm	2014 AED'm
At 1 January	4,484	5,938
Additions	-	70
Share of profit	492	629
Share of other comprehensive loss	(5)	(6)
Impairment (charge)/reversal (Note 39)	(403)	76
Dividends received	(505)	(399)
Reclassified to assets held-for-sale (Note 21)	(8)	(1,467)
Other movements	4	(30)
Exchange differences	(166)	(327)
At 31 December	3,893	4,484

Commitments and contingencies

Group's share of associates' contingencies	83	107
Group's share of associates' commitments	1,045	1,109

Where the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of the associate is reduced to zero and the recognition of further losses is discontinued, except to the extent that the Group has an obligation to make payments on behalf of the associate. Accordingly, the Group has not recognised losses amounting to AED 58 million (2014: AED 33 million) relating to an investment in an associate. As at 31 December 2015, the Group's share of accumulated losses that exceeded that associate's carrying value amounted to AED 418 million (2014: AED 344 million).

An investment in an associate having a net book amount of AED 1,526 million (2014: AED 1,529 million) has been pledged as security against a loan facility obtained by the Group (Note 26).

During the year an impairment charge of AED 403 million was recognised in respect of an investment in an associate due to the continued deterioration in the political and economic environment in which the associate operates (Note 39).

The fair value of the Group's investment in listed associates falls in level 1 of the fair value hierarchy (i.e. quoted prices) and amounts to:

	2015 AED'm	2014 AED'm
du	4,553	4,493
Forthnet	136	182
	4,689	4,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

8. INVESTMENTS IN ASSOCIATES (continued)

Name	Nature of business	Holding percentage 2015	2014
United Arab Emirates			
Axiom Telecom LLC ("Axiom")	Mobile phone retail, wholesale and services	26	26
Emirates Integrated Telecommunications Company, PJSC ("du")	Telecommunications	19.5	19.5
Emirates Central cooling system corporation ("EMPOWER")	District cooling services	30	30
Dubai Festival City LLC	Property development and leasing	30	30
Tunisia			
Societe Nationale De telecommunications ("Tunisie Telecom")	Telecommunications	35	35
Greece			
Hellenic company for Telecommunications and Telematic Applications S.A ("Forthnet")	Telecommunications	41	41

Whilst the Group's interest in du is 19.5%, the Group has representation on the Board of du and continues to exercise significant influence over its business. The investment therefore continues to be classified as an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

8. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information relating to the Group's associates based on their financial statements prepared under IFRS and aggregated by industry classification is as follows:

Industry classification	Non-current assets AED'm	Current assets AED'm	Non-current liabilities AED'm	Current liabilities AED'm	Revenues AED'm	Profit from continuing operations AED'm	Other comprehensive (loss)/income AED'm	Total comprehensive income AED'm	Group's share of net assets AED'm
2015									
Telecommunications	14,445	12,906	6,792	10,333	23,711	1,818	(17)	1,801	2,300
Utilities and other services	5,059	896	1,730	1,478	1,660	516	-	516	824
Group's share of net assets									3,124
Goodwill and other adjustments									769
Carrying amount									**3,893**
2014									
Telecommunications	14,997	12,895	6,375	10,788	24,302	2,365	9	2,374	2,482
Utilities and other services	4,872	1,141	2,134	1,397	1,488	814	-	814	745
Group's share of net assets									3,227
Goodwill and other adjustments									1,257
Carrying amount									**4,484**

The dividends received during 2015 and 2014 were primarily from the Group's associates operating in the telecommunications industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

9. INVESTMENTS IN JOINT VENTURES

	2015 AED'm	2014 AED'm
At 1 January	649	504
Additions	-	1
Impairment reversal (Note 39)	38	165
Share of profit/(loss)	47	(16)
Share of other comprehensive loss	(1)	(4)
Reclassified to assets held-for-sale (Note 21)	(3)	-
Exchange differences	(2)	(1)
At 31 December	728	649

Commitments and contingencies

	2015 AED'm	2014 AED'm
Group's share of joint ventures' commitments	-	134

During the year a further impairment reversal of AED 38 million (2014: AED 165 million) was recognised in respect of an investment in a joint venture due to improvement in the performance and resultant increase in fair value of the joint venture's underlying projects (Note 39).

Name	Nature of business	Holding percentage 2015	Holding percentage 2014
United Arab Emirates			
Emaar Bawadi LLC	Real estate development	50	50
Arady Developments LLC	Real estate development	50	50
Mauritius			
Madamobil Holdings Mauritius Limited ("Madamobil")	Telecommunications	44	44
Cyprus			
Giradena Limited	Telecommunications holding company	50	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

9. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information relating to the Group's joint ventures based on their financial statements prepared under IFRS and aggregated by industry classification is as follows:

Industry classification	Non-current assets AED'm	Current assets AED'm	Cash and cash equivalents AED'm	Non-current liabilities AED'm	Current liabilities AED'm	Non-current financial liabilities* AED'm	Current financial liabilities* AED'm	Revenue AED'm	Profit/(loss) from continuing operations AED'm	Other comprehensive income/(loss) AED'm	Total comprehensive income/(loss) AED'm	Group's share of net assets AED'm
2015												
Real estate	1,310	1,266	86	-	310	-	146	804	94	-	94	1,133
Telecommunications	13	-	-	-	1	-	-	-	-	(3)	(3)	6
Group's share of net assets												1,139
Impairment and other adjustments												(411)
Carrying amount												**728**
2014												
Real estate	1,222	1,933	190	151	908	151	373	-	(18)	-	(18)	1,048
Telecommunications	18	-	-	-	-	-	-	-	-	9	9	9
Group's share of net assets												1,057
Impairment and other adjustments												(408)
Carrying amount												**649**

** excluding trade and other payables and provisions*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

10. FINANCIAL INSTRUMENTS BY CATEGORY

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

Assets	Note	Loans and receivables AED'm	Assets at fair value through profit and loss AED'm	Available-for-sale AED'm	Total AED'm
At 31 December 2015					
Available-for-sale financial assets	12	-	-	279	279
Derivative financial instruments	13	-	33	-	33
Trade and other receivables excluding advances to suppliers and prepayments		2,542	-	-	2,542
Finance lease receivables	16	48	-	-	48
Due from related parties	19	3,054	-	-	3,054
Cash and bank balances including cash held in escrow	20	8,625	-	-	8,625
		14,269	33	279	14,581
At 31 December 2014					
Available-for-sale financial assets	12	-	-	302	302
Derivative financial instruments	13	-	11	-	11
Trade and other receivables excluding advances to suppliers and prepayments		3,094	-	-	3,094
Finance lease receivables	16	51	-	-	51
Due from related parties	19	2,900	-	-	2,900
Cash and bank balances including cash held in escrow	20	6,402	-	-	6,402
		12,447	11	302	12,760

Liabilities	Note	Liabilities at fair value through profit and loss AED'm	Derivatives used for hedging AED'm	Other financial liabilities AED'm	Total AED'm
At 31 December 2015					
Borrowings	26	-	-	13,044	13,044
Trade and other payables excluding deferred revenue and provisions		-	-	6,396	6,396
Derivative financial instruments	13	841	-	-	841
Loans from related parties	19	-	-	260	260
Due to related parties	19	-	-	139	139
		841	-	19,839	20,680
At 31 December 2014					
Borrowings	26	-	-	11,058	11,058
Trade and other payables excluding deferred revenue and provisions		-	-	6,633	6,633
Derivative financial instruments	13	642	1	-	643
Loans from related parties	19	-	-	259	259
Due to related parties	19	-	-	140	140
		642	1	18,090	18,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

11. FINANCIAL ASSETS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

	2015 AED'm	2014 AED'm
Current		
Available-for-sale financial assets (Note 12)	87	88
Non-current		
Available-for-sale financial assets (Note 12)	192	214
Derivative financial instruments (Note 13)	33	11
	225	225

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 1 January	302	289
Additions	6	23
Change in fair value	(6)	(10)
Disposals	(6)	-
Transferred to the Ultimate Shareholder (Note 19)	(17)	-
At 31 December	279	302
Less: current	(87)	(88)
Non-current	192	214

Available-for-sale financial assets include the following:

	2015 AED'm	2014 AED'm
Listed funds	190	196
Unlisted funds	89	89
Unlisted equities	-	17
	279	302

The currency-wise denomination of the Group's available-for-sale financial assets is disclosed in Note 3.1(a)(i).

The fair values of listed funds are based on the bid-prices as of 31 December 2015. The fair values of the unlisted funds are based on the latest valuations as of 31 December 2015 provided by the fund managers.

13. DERIVATIVE FINANCIAL INSTRUMENTS

			Contract amount millions		2015		2014	
			2015	2014	Assets AED'm	Liabilities AED'm	Assets AED'm	Liabilities AED'm
Derivatives								
Cross currency swaps	Pay	USD	982	982				
	Receive	GBP	500	500	-	756	-	487
Interest rate swap contracts		AED	5,531	5,920				
		GBP	250	250	7	85	-	146
Structured equity instruments					-	-	11	9
Designated as cash flow hedges								
Interest rate swap contracts		AED	2,609	-				
		EUR	-	24	26	-	-	1
Total					33	841	11	643
Less: current					-	-	-	(37)
Non-current					33	841	11	606

As described in Note 2.13, the Group uses derivatives only for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes as required by IFRS. In particular, the Group uses cross currency and interest rate swaps to minimise the effect of currency and interest rate fluctuations on its foreign investments and borrowings.

The contracts entered into by the Group are principally denominated in GBP, USD and AED. The fair value of these contracts are recorded in the consolidated balance sheet and is determined by reference to valuations by reputable external financial institutions.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated balance sheet.

(a) Cross-currency swap contracts

Cross currency swaps are commitments to exchange one set of cash flows for another where each leg of the swap is denominated in a different currency. A cross currency swap therefore has two principal amounts, one for each currency. The swaps will expire in February 2017. The fixed interest rate on the British Pound leg is 6% (2014: 6%) per annum. The floating rate on the US Dollar leg is linked to LIBOR. Changes in the fair market value of the cross currency swaps are recorded in the consolidated income statement.

(b) Interest rate swap contracts

Interest rate swaps are commitments to exchange one set of cash flows for another. The swaps result in an economic exchange of interest rates, no exchange of principal takes place. These swap transactions entitle the Group to receive or pay amounts derived from interest rate differentials between an agreed fixed interest rate and the applicable floating rate prevailing at the beginning of each interest period.

At 31 December 2015, the fixed interest rates vary from 1.24% to 3.59% per annum (2014: 1.86% to 3.59% per annum). The main floating rates are linked to LIBOR and EIBOR.

Changes in the fair market values of interest rate swaps that are considered effective and designated as cash flow hedges are recognised in the hedge reserve in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss. There was no ineffectiveness to be recorded from the cash flow hedges.

Changes in the fair market values of other interest rate swaps which have not been designated and do not qualify as cash flow hedges are recorded in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

14. TRADE AND OTHER RECEIVABLES

	2015 AED'm	2014 AED'm
Current		
Trade receivables, advances and prepayments (Note 15)	2,455	3,550
Accrued income	248	12
Finance lease receivables (Note 16)	3	3
Income tax	29	19
	2,735	3,584
Non-current		
Trade receivables, advances and prepayments (Note 15)	1,368	1,145
Accrued income	541	436
Finance lease receivables (Note 16)	45	48
	1,954	1,629
Less: provision for impairment of accrued income	(161)	(158)
	1,793	1,471

Movement on the Group's provision for impairment of accrued income is as follows:

At 1 January	158	237
Provision for impairment, net	5	(12)
Written-off	(2)	(67)
At 31 December	161	158

15. TRADE RECEIVABLES, ADVANCES AND PREPAYMENTS

	2015 AED'm	2014 AED'm
Current		
Trade receivables	1,699	2,443
Less: provision for impairment of trade receivables	(850)	(998)
	849	1,445
Advances to suppliers	1,143	1,426
Prepayments and deposits	133	154
Other receivables	330	525
	2,455	3,550
Non-current		
Trade receivables	1,339	1,135
Prepayments and deposits	29	10
	1,368	1,145

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2015 and 2014.

As at 31 December 2015, trade receivables of AED 1,796 million (2014: AED 2,096 million) were fully performing.

As at 31 December 2015, trade receivables of AED 381 million (2014: AED 476 million) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 AED'm	2014 AED'm
Up to 3 months	254	178
3 to 6 months	74	83
Over 6 months	53	215
	381	476

As at 31 December 2015, trade receivables of AED 861 million (2014: AED 1,005 million) were past due and partially provided for. The amount of the provision as of 31 December 2015 was AED 850 million (2014: AED 998 million). The ageing analysis of these trade receivables is as follows:

	2015 AED'm	2014 AED'm
Up to 6 months	13	5
Over 6 months	848	1,000
	861	1,005

As at 31 December 2015, trade receivables included an amount of AED 1,046 million (2014: AED 973 million) due from a related party on account of sale of land in the ordinary course of the Group's business (Note 19(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

15. TRADE RECEIVABLES, ADVANCES AND PREPAYMENTS (continued)

Movement on the Group's provision for impairment of trade receivables is as follows:

	2015 AED'm	2014 AED'm
At 1 January	998	1,210
Provision for impairment of receivables	6	19
Unused amounts reversed	(55)	(106)
Receivables written-off	(47)	(107)
Reclassified to assets held-for-sale	(47)	-
Disposal of a subsidiary	-	(11)
Exchange differences	(5)	(7)
At 31 December	850	998

The creation and release of the provision for impaired receivables have been included in the consolidated income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The currency-wise denomination of the Group's trade and other receivables is disclosed in Note 3.1(a) (i).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral as security.

The fair value of non-current trade and other receivables approximates their carrying amounts. The fair value is based on contractual cash flows discounted at the current market rates and is within level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

16. FINANCE LEASE RECEIVABLES

Finance lease receivables relate to certain property leases with an option given to investors to buy the properties at the end of the lease period. The lease periods vary between 30 and 50 years. The leases carry interest linked to LIBOR.

	2015 AED'm	**2014 AED'm**
At 1 January	51	54
Recovery during the year	(3)	(3)
At 31 December	48	51
Less: current	(3)	(3)
Non-current	45	48

A summary of the gross repayment schedule for the finance lease receivables is presented below:

	2015 AED'm	**2014 AED'm**
Within one year	3	3
After one year but not more than five years	31	38
More than five years	15	15
Gross investment in finance leases	49	56
Unearned future finance income on finance leases	(1)	(5)
Net investment in finance leases	48	51

The net investment in finance leases is analysed as follows:

Within one year	3	3
After one year but not more than five years	31	34
More than five years	14	14
Net investment in finance leases	48	51

The fair value of finance lease receivables approximates its carrying value. The fair value is based on contractual cash flows discounted at the current market rates and is within level 2 of the fair value hierarchy. There has been no history of default and there are no past due instalments. Management considers that no impairment provision is required for these receivables.

17. INVENTORIES

	2015 AED'm	**2014 AED'm**
Food and beverage	23	24
Operating supplies	17	19
Stores and spares	-	25
Goods held for sale	-	9
Engineering supplies and other consumables	5	7
	45	84
Less: provision for write-down of inventory	(4)	(5)
	41	79

The cost of inventory recognised as an expense and included in 'direct costs' amounted to AED 294 million (2014: AED 313 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

18. PROPERTY HELD FOR DEVELOPMENT AND SALE

	Note	2015 AED'm	2014 AED'm
At 1 January		22,959	23,171
Sales		(6,210)	(2,662)
Additions		2,323	1,296
Transfers to property, plant and equipment	5	(60)	(106)
Transfers from investment property	6	30	1,723
Transfers to investment property	6	(192)	(437)
Transfer to the Ultimate Shareholder	19	(1,890)	-
Government grants (returned)/received	27	(5)	2
Impairment charge, net		(51)	(19)
Exchange differences		(8)	(9)
At 31 December		16,896	22,959

At 31 December 2015, property held for development and sale included land amounting to AED 12,164 million (2014: AED 16,031 million) on which construction was in progress.

At 31 December 2015, the Group's assessment of the net realisable value of property held for development and sale resulted in a net impairment charge against land and projects amounting to AED 51 million (2014: AED19 million) and is analysed as follows:

	2015 AED'm	2014 AED'm
Reversed against deferred government grants (Note 27)	-	9
Charged in the consolidated income statement (Note 39)	(51)	(28)
	(51)	(19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, directors, key management personnel, associates, joint ventures; and businesses, which are controlled directly or indirectly, by the shareholders or directors.

The related party transactions and balances arise in the normal course of business primarily on sale and purchase of goods and services and loan and treasury arrangements.

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties:

	2015 AED'm	2014 AED'm
Parent company		
Interest expense	3	3
Interest income	3	1
Sale of services	13	13
Fellow subsidiaries and other related parties		
Sale of land	-	973
Interest income on discounting of land sales receivable	73	-
Management fee income	12	-
Sale of services	11	11
Joint ventures and associates		
Sale of services	30	34
Purchase of services	191	149
Expenses incurred on behalf	8	5
Interest income	-	1
Dividends received (Note 8)	505	399

During 2014 the Group, in the ordinary course of its business, entered into a land sales transaction with a seven year deferred payment plan with a related party. The amount of revenue recognised during 2014 represented the fair value of the transaction, estimated by discounting the future contractual cash flows.

	2015 AED'm	2014 AED'm
(b) Compensation to key management personnel		
Compensation to key management personnel comprises:		
- Salaries, allowances and other short term benefits	80	153
- End of service and post-employment benefits	11	11
	91	164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2015 AED'm	2014 AED'm
(c) Due from related parties comprises:		
Due from the parent company	1,839	2,025
Due from joint ventures	16	138
Due from other related parties	555	11
Due from associates	77	93
	2,487	2,267
Loans to the parent company	640	637
Loan to an associate	-	16
Loans to other related parties	832	899
	3,959	3,819
Less: provision for impairment of related party receivables	(905)	(919)
	3,054	2,900
Analysed between:		
Current	2,414	2,263
Non-current	640	637
	3,054	2,900

Loans to an associate and other related parties are short-term loans which are due to be repaid within twelve months of the balance sheet date. There are no loans given to the directors. The interest rate charged on loans to related parties during the year ranged from 0.85% to 1.5% (2014: 0.33% to 1.60%) per annum.

	2015 AED'm	2014 AED'm
(d) Due to related parties comprises:		
Due to the parent company	93	66
Due to other related parties	26	48
Due to associates	20	26
	139	140
Loans from related parties	260	259
	399	399
The movement in loans from related parties is as follows:		
At 1 January	259	258
Capitalisation of interest	1	1
At 31 December	260	259

The effective interest charged on loans from related parties ranged from 1.04% to 4.5% per annum (2014: 0.82% to 4.50%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transfer to the Ultimate Shareholder

On 24 April 2011, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai ("His Highness"/"Ultimate Shareholder") issued Law No. 9 of 2011 that established a public authority, the Dubai Healthcare City Authority ("DHCA") to regulate Dubai Healthcare City's ("DHCC") operations. Following subsequent instructions by the Ultimate Shareholder to Dubai Holding (parent company of the Group) in 2011 and 2015, stipulating the mechanism of transfer of DHCC's movable and immovable assets under the umbrella of DHCA; the Group transferred its 100% shareholding in DHCC and its subsidiaries (together "the DHCC group") to DHCA with effect from 1 January 2015.

Based on the above, the Group is of the view that the transfer of DHCC group was under the instructions of His Highness, in his capacity as the Ultimate Shareholder of the Group. Accordingly, the transfer is deemed to be a transaction with the Ultimate Shareholder, and the net assets of DHCC group have been accounted for within equity as a 'Transfer to the Ultimate Shareholder'.

(a) Details of assets and liabilities at the date of transfer

	AED'm
Assets	
Property, plant and equipment	813
Investment property	1,594
Property held for development and sale	1,890
Trade and other receivables	87
Due from related parties	40
Available-for-sale financial assets	17
Cash and bank balances	217
	4,658
Liabilities	
Government grants	1,032
Trade and other payables	596
Advances from customers	100
Due to related parties	28
Employees' end of service benefits	6
Provision for other liabilities and charges	4
	1,766
Net assets transferred	2,892

(b) Net cash outflows on transfer

	AED'm
Cash and bank balances of the subsidiary	217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

20. CASH AND CASH EQUIVALENTS

	2015 AED'm	2014 AED'm
Cash and bank balances including call deposits	2,545	3,921
Short-term fixed deposits	6,080	2,481
	8,625	6,402
Less: cash held in escrow	(1,150)	(1,495)
Cash and bank balances	7,475	4,907

Cash held in escrow represents cash received from customers that is held with banks authorised by the Real Estate Regularity Authority ("RERA"). Use of this cash is restricted to the specific development projects to which the cash receipts relate.

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

	2015 AED'm	2014 AED'm
Cash and bank balances	7,475	4,907
Cash and cash equivalents under assets held-for-sale (Note 21)	10	-
	7,485	4,907

Bank accounts are held with locally incorporated banks and branches of international banks. Short-term fixed and call deposits bear interest ranging from 0.02% to 8.5% per annum (2014: 0.02% to 8.5% per annum).

21. ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

	2015 AED'm	2014 AED'm
(a) Assets classified as held-for- sale		
Assets of subsidiary classified as held-for-sale	1,146	-
Investment in associates	1,076	1,500
	2,222	1,500
(b) Liabilities associated with assets classified as held-for-sale		
Liabilities of subsidiary classified as held-for-sale	470	-
Liabilities of associates classified as held-for-sale	-	2
	470	2

In April 2015, the Group concluded the sale of one of its investments' in associates that had been classified as held-for-sale at 31 December 2014, for a net consideration of AED 588 million that resulted in a net gain on disposal of AED 154 million (Note 39).

The Group's other investment in an associate remains to be presented as held-for-sale as the Group is still actively seeking buyers in the market and has firm plans to dispose of the associate within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

21. ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

GO plc, Malta

During the year, the Group announced its plan to sell its 60% shareholding in GO plc, a subsidiary operating in the telecommunications sector in Malta. The plan was formally approved in GO plc's extra ordinary general meeting held on 29 October 2015. The assets and liabilities of GO plc are hence presented as held-for-sale. The Group is actively seeking buyers in the market and has firm plans to dispose of the subsidiary within the next 12 months.

(a) Details of assets and liabilities

	AED'm
Assets	
Property, plant and equipment	385
Intangible assets	454
Investment in associates	8
Investment in joint ventures	3
Derivative financial instruments	71
Trade and other receivables	134
Due from related parties	42
Inventories	39
Cash and bank balances	10
	1,146
Liabilities	
Borrowings	199
Trade and other payables	197
Employees' end of service benefits	27
Deferred income tax liabilities	9
Derivative financial instruments	38
	470
Net assets	676

	Year ended 31 December 2015 AED'm	**Year ended 31 December 2014 AED'm**
(b) Results of discontinued operations		
Revenue	504	597
Operating costs – net	(255)	(369)
Depreciation and amortisation	(105)	(138)
	144	90
Finance costs – net	(4)	(11)
	140	79
Income tax expense	(31)	(25)
Profit for the year from discontinued operations	109	54
Attributable to:		
Owners of the parent	65	32
Non-controlling interests	44	22
	109	54
(c) Cash flows from discontinued operations		
Operating cash flows	146	197
Investing cash flows	(132)	(149)
Financing cash flows	(57)	(95)
	(43)	(47)

22. SHARE CAPITAL

The total authorised, issued and fully paid up share capital of the Company comprises 2,000,000 shares (2014: 2,000,000 shares) of AED 1,000 each.

23. RESERVES

	2015 AED'm	2014 AED'm
Statutory reserve (Note 24)	1,655	1,474
Translation reserve (Note 25)	(1,699)	(1,447)
Fair value reserve	20	27
Hedge reserve	26	-
Other reserves	1,582	3,503
	1,584	3,557

Other reserves include an amount of AED 3,489 million representing the balance of the Ultimate Shareholder's investment in the form of owner's accounts in subsidiaries of Jumeirah Group LLC that was transferred to the Company in 2006.

The transfer of Dubai Health Care City and its subsidiaries to the Ultimate Shareholder on 1 January 2015 resulted in a reduction in other reserves by an amount of AED 1,920 million (Note 19).

24. STATUTORY RESERVE

In accordance with the Articles of Association, 10% of the profit for the year in each UAE limited liability company is transferred to a statutory 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 of the respective companies.

25. TRANSLATION RESERVE

The translation reserve arises on re-translation of the assets and liabilities of foreign subsidiaries, associates and joint ventures of the Group. Upon disposal of such subsidiaries, associates and joint ventures the reserve will be included within the gain or loss on disposal in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

26. BORROWINGS

	2015 AED'm	2014 AED'm
Bank borrowings	10,342	8,203
European medium term notes	2,702	2,855
	13,044	11,058
Less: current	(1,212)	(1,436)
Non-current	11,832	9,622

The Group has not had any defaults of principal, interest or redemption amounts during the year on its borrowed funds.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet date is as follows:

	2015 AED'm	2014 AED'm
Within 3 months	6,374	4,685
After three months but not more than one year	3,956	3,511
Borrowings at fixed rate	2,714	2,862
	13,044	11,058

The maturity profile of the Group's total borrowings is as follows:

Within 1 year	1,212	1,436
After one year but not more than five years	9,924	9,622
More than five years	1,908	-
	13,044	11,058

The fair value of current and short-term borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of the term notes are based on quoted market rates.

	Carrying amount		Fair value	
	2015 AED'm	2014 AED'm	2015 AED'm	2014 AED'm
Bank borrowings	10,342	8,203	10,342	8,203
European medium term notes	2,702	2,855	2,748	2,919
	13,044	11,058	13,090	11,122

The currency-wise denomination of the Group's borrowings is disclosed in Note 3.1(a) (i).

Interest rates on the Group's borrowings ranged from 3.11% to 6.00% (2014: 2.38% to 6.00%) per annum.

Certain assets of the Group's subsidiaries having a net book amount of AED 2,805 million (2014: AED 2,904 million) have been pledged as security against the borrowing facilities obtained by the Group (Notes 6 and 8).

26. BORROWINGS (continued)

European medium term notes

	Interest rate (%)	2015 AED'm	2014 AED'm
Pounds Sterling 500 million fixed rate due in 2017	6%	2,702	2,855

The European medium term notes are unsecured and repayable only on maturity.

Major bank borrowings

During 2013, a subsidiary of the Group had obtained a five-year syndicated USD loan facility amounting to AED 5,142 million for general corporate purposes. The amounts of AED 3,673 million and AED 533 million were drawn down in 2014 and 2015 respectively. At 31 December 2015, the net undrawn amount under the facility amounted to AED 852 million.

During 2014, a subsidiary of the Group obtained an eight-year AED term loan facility amounting to AED 3,525 million, partly to refinance an existing facility of AED 1,000 million and partly, for upcoming projects and general corporate purposes. During 2015, the facility was further extended by AED 475 million and the entire amount of AED 4,000 million was drawn down.

During 2015, a subsidiary of the Group obtained a syndicated AED loan facility amounting to AED 2,100 million to refinance an existing facility. An amount of AED 1,684 million was drawn down during the year and the balance amount of AED 416 million remained undrawn at 31 December 2015.

	2015 AED'm	2014 AED'm

27. GOVERNMENT GRANTS

Land

	2015 AED'm	2014 AED'm
At 1 January	21,329	22,247
Received during the year	-	323
Returned during the year	(253)	(165)
Released to income during the year	(2,486)	(740)
Transfer to the Ultimate Shareholder (Note 19)	(1,032)	-
Adjustment relating to impairment	520	(336)
At 31 December	18,078	21,329
Less: current	(437)	(2,388)
Non-current	17,641	18,941

28. RETENTIONS PAYABLE

	2015 AED'm	2014 AED'm
Retentions payable (Note 30)	662	417
Less: current	(534)	(221)
Non-current	128	196

Non-current retentions are due to be paid to contractors within 2 to 5 years from the balance sheet date. The fair value of retentions payable approximates their carrying amounts, as the impact of discounting is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

29. EMPLOYEES' END OF SERVICE BENEFITS

	2015 AED'm	2014 AED'm
Balance sheet obligations for:		
End of service benefits/pension benefits	356	345
Less: current (Note 30)	-	(13)
Non-current	356	332
The amounts recognised in the consolidated income statement are:		
Current service cost	95	72
Current service cost relating to discontinued operations	1	-
	96	72
The amounts recognised in the consolidated balance sheet are determined as follows:		
Present value of unfunded obligations	356	345
The movement in the defined benefit obligation over the year is as follows:		
At 1 January	345	313
Income statement charge	96	72
Actuarial losses recognised in other comprehensive income	1	3
Benefits paid	(50)	(36)
Transfer to the Ultimate Shareholder (Note 19)	(6)	-
Transfer to liabilities classified as held-for-sale (Note 21)	(27)	-
Disposal of a subsidiary	-	(3)
Exchange differences	(3)	(4)
31 December	356	345

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations as at 31 December 2015 and 2014, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour law. Under this method an assessment has been made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Future salary increases have been estimated at 3.0% - 5.0% (2014: 3.0% - 5.0%) on a basis consistent with the natural progression of an employee's salary in line with the Group's salary scales, past experience and market conditions. The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 2.8% - 3.9% (2014: 2.3% - 3.2%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

30. TRADE AND OTHER PAYABLES

	2015 AED'm	2014 AED'm
Deferred revenue (Note 4(c))	12,037	16,579
Project related payables and accruals	3,493	3,398
Accrued expenses	1,067	1,040
Retentions payable (Note 28)	662	417
Trade payables	325	491
Refundable deposits	242	214
Employees' end of service benefits (Note 29)	-	13
Others	632	1,129
	18,458	23,281
Less: non-current	(12,761)	(15,841)
Current	5,697	7,440

The fair value of non-current trade and other payables approximates its carrying amount, as the impact of discounting is not significant. The fair value is based on contractual cash flows discounted at the current market rates and is within level 2 of the fair value hierarchy.

31. PROVISION FOR OTHER LIABILITIES AND CHARGES

	Terminated contracts AED'm	Delay claims AED'm	Onerous losses AED'm	Legal claims AED'm	Others AED'm	Total AED'm
At 1 January 2014	280	105	868	1,035	2,483	4,771
Charged/(credited) to the consolidated income statement (Note 39):						
- Additional provisions	-	-	-	464	824	1,288
- Unused amounts reversed	(4)	-	-	-	-	(4)
Payments	(20)	-	-	(4)	-	(24)
Transfer to other liabilities	(9)	(69)	-	(91)	(54)	(223)
Provided against capital work in progress	-	-	-	1	-	1
At 31 December 2014	247	36	868	1,405	3,253	5,809
Less: non-current	-	-	-	-	(552)	(552)
Current	247	36	868	1,405	2,701	5,257
At 1 January 2015	247	36	868	1,405	3,253	5,809
Charged/(credited) to the consolidated income statement (Note 39):						
- Additional provisions	-	-	-	22	55	77
- Unused amounts reversed	(13)	(9)	(143)	(35)	(208)	(408)
Payments	-	-	-	(16)	-	(16)
Transfer to other liabilities	(1)	(6)	-	-	-	(7)
Transfer to the Ultimate Shareholder (Note 19)	(1)	(3)	-	-	-	(4)
Reversed against capital work in progress	-	(2)	-	-	-	(2)
At 31 December 2015	232	16	725	1,376	3,100	5,449
Less: non-current	-	-	-	-	(602)	(602)
Current	232	16	725	1,376	2,498	4,847

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

31. PROVISION FOR OTHER LIABILITIES AND CHARGES (continued)

Terminated contracts

The provision for terminated contracts is in respect of anticipated claims and demobilisation costs as a result of the termination of contracts with builders and consultants. The provision has been determined on the basis of management's best estimate of the liability that the Group may incur on such terminated contracts.

Delay claims

The provision relates to claims by certain contractors on the Group for delays that they believe have been caused by the Group. The provision has been determined on the basis of management's best estimate of the liability that the Group may incur on such claims.

Onerous losses

The provision for onerous losses represents the Group's obligation under certain non-cancellable sales contracts less revenue expected to be earned on these contracts.

Legal claims

The provision relates to certain legal claims. In the management's opinion, after taking appropriate legal advice, the outcome of the legal claims will not give rise to any significant loss beyond the amount provided at 31 December 2015.

Others

Other provisions include provision for infrastructure representing management's best estimate of the expected share of costs that may be recharged to the Group on account of infrastructure developed or under development by third parties or government authorities.

32. ADVANCES FROM CUSTOMERS

Advances from customers represent instalments received from customers towards the purchase of property held for development and sale.

33. DIVIDENDS

During the year the Company declared dividends amounting to AED 1,500 million (2014: AED 1,000 million), out of which AED 1,100 million (2014: AED 700 million) was paid in cash and AED 400 million (2014: AED 300 million) was adjusted against balances due from the parent company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm
34. REVENUE		
Property and land sales	7,311	5,660
Rental income	2,855	2,487
Room revenue	1,430	1,535
Food and beverages	1,167	1,229
Facilities and property management	487	421
Incorporation, governmental and other services	421	413
Commercials and sponsorships	296	245
Telecommunications, IT and related revenue	-	32
Others	566	614
	14,533	12,636

35. OTHER OPERATING INCOME

Settlement discounts/write-back of liabilities	205	143
Gain on re-measurement of financial liabilities	289	-
Gain on disposal of assets held-for-sale (Note 21)	154	-
Foreign exchange gain	144	199
Gain on settlement of derivative financial instruments	7	11
Gain on disposal of property, plant and equipment	5	-
Forfeiture income, late payment fees and cancellation charges	4	272
Others	61	11
	869	636

36. PAYROLL AND OTHER BENEFITS

Salaries and allowances	1,218	1,192
End of service and other short term benefits	747	832
	1,965	2,024
Included under:		
Direct costs	988	914
General and administrative expenses (Note 37)	877	1,019
Marketing and selling expenses (Note 38)	100	91
	1,965	2,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm

37. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Payroll and related expenses (Note 36)	877	1,019
Depreciation and amortisation	119	113
Property operation and maintenance	86	107
Legal and professional	78	94
Consultancy	77	58
Bank charges	41	42
IT and communication	38	20
Office rent	32	28
Business travel	13	16
Stationery, books and subscriptions	12	12
Utilities	13	11
Donations	-	207
Others	117	119
	1,503	1,846

38. MARKETING AND SELLING EXPENSES

	2015	2014
Advertising	125	144
Payroll and related expenses (Note 36)	100	91
Promotions	79	116
Sales commissions	53	34
Sponsorships	32	25
Others	12	20
	401	430

39. OTHER OPERATING EXPENSES

	2015	2014
Impairment charge on property, plant and equipment, net (Note 5)	-	108
Impairment reversal on investment property, net (Note 6)	-	(610)
Impairment charge on intangible assets, net (Note 7)	109	24
Impairment (reversal)/charge on investment in associates, net (Note 8)	403	(76)
Impairment reversal on investment in joint ventures (Note 9)	(38)	(165)
Impairment charge on property held for development and sale, net (Note 18)	51	28
Reversal of provision for impairment of trade and other receivables, net	(35)	(57)
Reversal of provision for termination of contracts, net (Note 31)	(13)	(4)
Reversal of provision for delay claims (Note 31)	(9)	-
(Reversal of)/charge for provision for legal claims (Note 31)	(13)	464
(Reversal of)/charge for provision for other liabilities and charges (Note 31)	(153)	824
Loss on fair valuation of derivative financial instruments	198	315
Loss on disposal of investment property (Note 6)	23	-
Loss on disposal of non-current assets held for sale	-	1
Write-off of property, plant and equipment (Note 5)	45	7
Write-off of investment property (Note 6)	31	54
Write-off of intangible assets (Note 7)	-	5
Others	11	3
	610	921

40. FINANCE COSTS – NET

	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm
Finance costs		
Bank borrowings	(389)	(422)
European term notes	(171)	(199)
Derivative financial instruments	(26)	-
Loans from related parties	(3)	(3)
Others	(8)	(8)
	(597)	(632)
Finance income		
Discounting of non-current receivables	112	5
Term deposits	45	27
Derivative financial instruments	-	30
Loans to related parties	3	2
Others	2	4
	162	68
Finance costs – net	(435)	(564)

41. TAXATION

(a) Deferred income tax assets and liabilities

The movement in deferred income tax assets and liabilities during the year is as follows:

	At 1 January AED'm	(Charge)/ credit in income statement AED'm	Reclassified as assets held-for-sale AED'm	Exchange differences AED'm	At 31 December AED'm
2015					
Property, plant and equipment	(19)	(11)	8	6	(16)
Provisions	28	(1)	(24)	(3)	-
Losses carried forward	3	-	(3)	-	-
Capital allowances carried forward	11	(10)	-	(1)	-
Investment tax credit	5	-	(5)	-	-
Fair value adjustments arising from acquisitions	(39)	6	29	4	-
Intangible assets	(4)	1	3	-	-
Cash flow hedges	(1)	-	1	-	-
	(16)	(15)	9	6	(16)
2014					
Property, plant and equipment	(24)	2	-	3	(19)
Provisions	32	(1)	1	(4)	28
Losses carried forward	3	-	-	-	3
Capital allowances carried forward	16	(3)	-	(2)	11
Investment tax credit	6	-	-	(1)	5
Fair value adjustments arising from acquisitions	(51)	6	-	6	(39)
Intangible assets	(8)	3	-	1	(4)
Cash flow hedges	1	(1)	(1)	-	(1)
	(25)	6	-	3	(16)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

41. TAXATION (continued)

(b) Income tax expense/(credit)

	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm
Continuing operations		
Current tax credit	(17)	(3)
Deferred tax charge	5	-
	(12)	(3)
Discontinued operations		
Current tax charge	21	31
Deferred tax charge/(credit)	10	(6)
	31	25
	19	22

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm
Profit before tax including discontinued operations	5,847	4,701
Of which profits relating to taxable jurisdictions are:	144	97
Tax calculated at domestic tax rates applicable to profits in respective countries: 35% (2014: 35%)	51	34
Income not subject to tax	(17)	-
Prior period items	(13)	(8)
Release of deferred tax liability arising from acquisition	(6)	(7)
Further allowance on rental income	(1)	(1)
Reversal of deferred tax asset on investment tax credits	-	(4)
Depreciation charges not deducted by way of capital allowances in determining taxable income	1	3
Other permanent differences	4	5
	19	22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

42. GUARANTEES

The Group has issued bank and other performance guarantees in the normal course of business as follows:

	2015 AED'm	2014 AED'm
Against borrowings	-	250
Others	754	454

43. COMMITMENTS

(a) Capital commitments

The Group has capital commitments in respect of property, plant and equipment and investment property as follows:

	2015 AED'm	2014 AED'm
Property, plant and equipment	915	948
Investment property	2,470	1,675

(b) Other commitments

The Group has commitments of AED 2,573 million (2014: AED 3,361 million) for projects in progress. These commitments represent the value of contracts issued as at 31 December 2015 net of invoices received and accruals made at that date.

(c) Operating lease rentals

As at 31 December, commitments under non-cancellable operating leases as lessee were:

	2015 AED'm	2014 AED'm
Within 1 year	40	50
After one year but not more than five years	149	173
More than five years	401	493
	590	716

As at 31 December, receivables under non-cancellable operating leases as lessor were:

	2015 AED'm	2014 AED'm
Within 1 year	1,383	1,065
After one year but not more than five years	2,197	1,611
More than five years	12,608	11,075
	16,188	13,751

44. CONTINGENCIES

Legal claims

An operating subsidiary of the Group (the "subsidiary") is party to certain litigation and arbitration proceedings. Collectively, the counterparties to those proceedings are seeking awards of damages against the subsidiary of AED 9,000 million, being the losses allegedly arising from disputes relating to transfer of land and provision of infrastructure by the subsidiary and wrongful omission of works under certain construction contracts.

The Group believes that the amounts claimed against the subsidiary under certain of the litigation and arbitration proceedings are in respect of the same heads of claim and therefore the potential financial impact on the Group is significantly lower. In addition, the potential financial impact on the Group is further mitigated by the fact that the subsidiary has a counterclaim for damages due to breach of contract by one of the counterparties and the Group believes the quantum of this counterclaim exceeds the claim by that counterparty.

In relation to another counterparty, the Group believes that the claim does not belong in the courts and will, therefore, be dismissed due to a lack of jurisdiction.

Collectively, the Group has made provisions of AED 1,576 million, which are the maximum estimated cash outflows for these claims.

In the opinion of the Group's internal legal counsel, direct liability does not extend out of the subsidiary to the Group with respect to these litigation and arbitration proceedings.

Termination and Delay provisions

In the event of termination or delay of contracts for construction and consultancy, certain subsidiaries of the Group are liable to pay costs, which include demobilisation of the contractor's equipment, repatriation costs associated with the contractor's staff and labour and other associated costs. At 31 December 2015, in addition to the provisions against certain termination and delay claims under arbitration and litigation as disclosed above, the Group is carrying provisions of AED 48 million representing management's best estimate of the liabilities that may be incurred in this regard. The complete liability for the Group cannot be quantified and management is confident that there is a low possibility of cash outflows in excess of the amount recorded in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

45. CASH GENERATED FROM OPERATIONS

	Notes	Year ended 31 December 2015 AED'm	Year ended 31 December 2014 AED'm
Profit before income tax including discontinued operations		5,847	4,701
Adjustments for:			
Depreciation and amortisation	5,6,7	1,117	1,119
Impairment and write-off of property, plant and equipment, investment property, intangible assets and property held for development and sale, net	5,6,7,18	236	(384)
Impairment charge/(reversal) on associates and joint ventures. net	8,9	365	(241)
Share of profit from associates and joint ventures	8,9	(539)	(613)
Government grants released to income	27	(2,486)	(740)
Provision for employees' end of service benefits	29	96	72
Provision for other liabilities and charges, net	31	(188)	1,285
Release of provision for onerous loss	31	(143)	-
Gain on re-measurement of financial liabilities	35	(289)	-
Gain on disposal of assets held-for-sale	35	(154)	-
Gain on disposal/settlement of derivative financial instruments	35	(7)	(11)
Gain on disposal of property, plant and equipment	35	(5)	-
Loss on disposal of investment property	39	23	-
Loss on fair valuation of derivative financial instruments		168	315
Reversal of impairment of trade and other receivables		(39)	(59)
Unrealised foreign exchange movements, net		(155)	(245)
Interest income	40	(162)	(68)
Interest expense	40	597	643
		4,282	**5,774**
Changes in			
Non-current trade and other receivables including accrued income before movement in provisions		(351)	(1,164)
Net assets classified as held-for-sale		-	20
Non-current retentions payable		(68)	84
Non-current deferred revenue		(3,503)	442
Non-current trade and other payables		(78)	(291)
Changes in working capital			
Trade and other receivables before movement in provisions		693	(121)
Inventories		(6)	5
Property held for development and sale, net of government grants, transfers and impairments		3,885	1,367
Due from related parties, net of transfers		(673)	186
Due to related parties, net of transfers		46	(25)
Retentions payable		313	(112)
Trade and other payables excluding project accruals		(489)	317
Advances from customers		121	(1,246)
Cash held in escrow		345	(1,029)
Cash generated from operations		**4,517**	**4,207**

Significant non-cash transactions during the year include:

(i) Government grants of AED 2,486 million (2014: AED 740 million) were released to the consolidated income statement.

(ii) Impairment of AED 520 million (2014: AED 336 million) was adjusted against government grants.

(iii) Net project accruals of AED 95 million (2014: 230 million) were adjusted against purchase of investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

46. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Dubai Holding Chairman's Committee ("Committee") that are used to make strategic decisions. The Committee considers the business from both a geographic and product perspective. Geographically, management considers the performance of UAE, Europe and others which includes operations in GCC and India.

The reportable operating segments derive their revenue primarily from the real estate sector in UAE and GCC, and hospitality, telecommunication and media sectors in UAE and Europe. The Committee assesses the performance of the operating segments based on financial information which is in accordance with International Financial Reporting Standards.

The segment information provided to the Committee for the reportable segments is as follows:

2015	Real estate AED'm	Hospitality and leisure AED'm	Telecommunications AED'm	Media AED'm	Total AED'm
Total segment revenue	11,256	3,147	-	326	14,729
Inter-segment revenue	(166)	-	-	(30)	(196)
Revenue	11,090	3,147	-	296	14,533
Segment results	3,276	1,396	-	91	4,763
Other income					3,373
Unallocated operating expenses					(2,532)
Operating income					5,603
Interest expense					(596)
Interest income					162
Share of profit of associates and joint ventures	202	-	337	-	539
Profit before income tax					5,708
Income tax credit					12
Profit for the year from continuing operations					5,720
Depreciation and amortisation	627	378	2	5	1,012
Impairment charge on non-financial assets, net	122	-	403	-	525
Non-cash expenses other than depreciation and amortisation	(188)	-	-	-	(188)
2014					
Total segment revenue	9,141	3,344	32	245	12,762
Inter-segment revenue	(125)	(1)	-	-	(126)
Revenue	9,016	3,343	32	245	12,636
Segment results	4,662	1,591	22	119	6,394
Other income					1,375
Unallocated operating expenses					(3,196)
Operating income					4,573
Interest expense					(632)
Interest income					68
Share of profit of associates and joint ventures	149	-	464	-	613
Profit before income tax					4,622
Income tax credit					3
Profit for the year from continuing operations					4,625
Depreciation and amortisation	578	397	1	5	981
Impairment (reversal)/charge on non-financial assets, net	(869)	32	147	-	(690)
Non-cash expenses other than depreciation and amortisation	1,285	-	-	-	1,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

46. SEGMENT INFORMATION (continued)

The revenue from external parties reported to the Committee is measured in a manner consistent with that in the consolidated income statement.

The amounts provided to the Committee with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Committee with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, investment property, property held for development and sale and cash and cash equivalents.

Segment liabilities comprise operating liabilities, advances from customers, borrowings, and deferred government grants.

Capital expenditure comprises additions to property, plant and equipment, intangibles, and additions resulting from investment properties.

The segment assets and liabilities at 31 December 2015 and capital expenditure for the year then ended are as follows:

	Real estate AED'm	Hospitality and leisure AED'm	Telecomm -unications AED'm	Media AED'm	Unallocated AED'm	Total AED'm
Assets	64,350	6,505	395	223	4,525	75,998
Assets held-for-sale (Note 21)	1,076	-	1,146	-	-	2,222
Associates and joint ventures	1,542	-	3,079	-	-	4,621
Total assets	66,968	6,505	4,620	223	4,525	82,841
Liabilities	47,903	5,570	2,409	125	4,126	60,133
Liabilities associated with assets held-for-sale (Note 21)	470	-	-	-	-	470
Total liabilities	48,373	5,570	2,409	125	4,126	60,603
Capital expenditure	2,498	1,134	150	7	-	3,789

The segment assets and liabilities at 31 December 2014 and capital expenditure for the year then ended are as follows:

	Real estate AED'm	Hospitality and leisure AED'm	Telecomm -unications AED'm	Media AED'm	Unallocated AED'm	Total AED'm
Assets	69,238	6,580	1,584	196	3,181	80,779
Assets held-for-sale (Note 21)	1,076	-	424	-	-	1,500
Associates and joint ventures	1,378	-	3,754	-	-	5,132
Total assets	71,692	6,580	5,762	196	3,181	87,411
Liabilities	51,413	5,254	3,129	129	6,412	66,337
Liabilities associated with assets held-for-sale (Note 21)	-	-	2	-	-	2
Total liabilities	51,413	5,254	3,131	129	6,412	66,339
Capital expenditure	651	498	83	3	-	1,235

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

46. SEGMENT INFORMATION (continued)

The Group's business segments operate in three main geographical areas. The home country of the Group which is also the main region of operations is the UAE. The areas of operation in the UAE are principally property sale and development, rental, hospitality and media. Operations in Europe include telecommunications and hospitality.

The Group's revenues are generated mainly in UAE and Europe.

	2015 AED'm	2014 AED'm
Revenue		
UAE	14,358	12,468
Europe	169	163
Other	6	5
	14,533	12,636

Revenue is allocated based on the country in which the operation is located.

	2015 AED'm	2014 AED'm
Total assets		
UAE	76,031	79,413
Europe	1,975	2,646
Other	214	220
	78,220	82,279
Associates and joint ventures	4,621	5,132
	82,841	87,411

The assets are allocated based on their geographic locations.

	2015 AED'm	2014 AED'm
Capital expenditure		
UAE	3,728	1,049
Europe	4	146
Other	57	40
	3,789	1,235

Capital expenditure is allocated based on where the assets are located.