TNI ANNUAL REPORT 2013/14

المستثمر الوطني
The National Investor

HH SHEIKH
ZAYED BIN SULTAN AL NAHYAN
Late President of the United Arab Emirates

HH SHEIKH
KHALIFA BIN ZAYED AL NAHYAN
President of the United Arab Emirates and Ruler of Abu Dhabi

HH SHEIKH
MOHAMMED BIN RASHID AL MAKTOUM
Vice President of the United Arab Emirates, Prime Minister and Ruler of Dubai

HH GENERAL SHEIKH
MOHAMED BIN ZAYED AL NAHYAN
Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces


SHEIKH ZAYED BRIDGE

BOARD MEMBERS 2013/14

The National Investor Private Joint Stock Company chairman's report and consolidated financial statements 31 March 2014

Abdullah M. Mazrui
Chairman

Mohamed Abdulla Alqubaisi
Vice Chairman

Youssef Sami Alami
Member of the Board

Fatema Obeid Al Jaber
Member of the Board

Mohammed Mohammed Fadhel Al Hamli
Member of the Board

Mohammed Rashid Al Nasseri
Member of the Board

Saeed Almasoud
Member of the Board

CONTENT

FINANCIAL STATEMENTS

The National Investor Private Joint Stock Company chairman's report and consolidated financial statements 31 March 2014

EMIRATES PALACE HOTEL

CHAIRMAN'S REPORT

Dear Shareholders:

On behalf of the board of directors of The National Investor (TNI), I am pleased to present the financial statements for the fiscal year ended 31 March 2014.

For fiscal year 2013-14, TNI realized a net income and total comprehensive income attributable to equity holders of AED 68.7 million and AED 99.2 million respectively.

our shareholders' equity increased by 15% from AED 654.1 million to AED 753.3 million

During fiscal year 2013-14, stock markets in the UAE have performed exceptionally well on the back of robust UAE economic activity and recovery in the real estate sector. TNI was well positioned to benefit from this state of the market by posting substantial gains from its exposure to local and MENA capital markets.

TNI's private equity investments also achieved remarkable returns boosted in part by a major restructuring exercise at some of our private equity investments over two years ago

Our objective is to continue delivering such good financial performance in the future on a consistent basis as we grow our client-driven fee revenue. To this end, we have prioritized the growth of our assets under management by building on our existing strengths that include a solid track record, experienced team, and deep local and regional market insights. Furthermore, the reclassification of the UAE to MSCI Emerging Markets Index is expected to result in significant institutional capital inflows to the UAE and one of the key elements of our growth strategy is to position TNI as a conduit for international institutional investors who seek exposure to UAE. We are confident we can achieve our objective since we possess the risk management, corporate governance and buy-side research capabilities that institutional investors demand.

As we move into the new fiscal year, there are strong indications that appetite for IPOs is returning after several difficult years. We developed a strong equity capital markets franchise during the time when capital markets activity in the UAE was at its peak, and were the advisor of choice for clients contemplating an IPO. We are confident we can capitalize on our expertise and market reputation to benefit from an upturn in IPO activity. In parallel, we will continue to focus on growing our pipeline of middle-market M&A transactions. In particular, we are enhancing our cross-border capabilities in the M&A advisory business given the tremendous opportunity. We are confident we can build a leading competitive position in this niche given the depth of our relationships and track record.

Furthermore, we have a very capable team of employees who have continued to demonstrate tremendous commitment. With markets continuing their momentum,

we look forward to building on our strengths to create a stronger firm and further enhance profitability

A. Mazrui

Abdullah M. Mazrui

Chairman of the Board

INDEPENDENT AUDITORS' REPORT
for the year ended 31 March 2014

TO THE SHAREHOLDERS OF THE NATIONAL INVESTOR PRIVATE JOINT STOCK COMPANY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

We have audited the accompanying consolidated financial statements of The National Investor Private Joint Stock Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of the Company and the UAE Commercial Companies Law of 1984 (as amended), 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 of 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT
for the year ended 31 March 2014 [continued]

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of the Company; proper books of account have been kept by the Company; and the contents of the report of the Chairman relating to these consolidated financial statements are consistent with the books of account. We further report that we have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Ernst & Young

Signed by:

Raed Ahmad
Partner

Ernst & Young
Registration No. 811

22 May 2014
Abu Dhabi

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2014

	Notes	2014 AED'000	2013 AED'000 (Restated)
Fee and service income	3	**95,282**	57,557
Net income from investments carried at fair value through profit and loss	4	**43,355**	7,560
Dividend income from investments carried at fair value through other comprehensive income		**2,595**	1,968
Share of profit of associates	13	**29,612**	8,244
Share of profit of joint venture	14	**2,004**	808
Change in fair value of investment properties	15	**(20,253)**	(26,387)
Interest income	5	**4,831**	5,430
Other operating income	6	**845**	1,108
TOTAL OPERATING INCOME		**158,271**	56,288
Operating expenses	7	**(101,481)**	(73,159)
Reversal of / (impairment of) property, fixtures and equipment	9	**36,692**	(75,857)
Impairment of deferred projects cost	17	**-**	(18,964)
Amortisation of intangible asset		**(69)**	(37)
Depreciation	16	**(8,427)**	(12,004)
Interest expense	8	**(4,370)**	(5,144)
Impairment losses on trade receivables		**(194)**	(1,531)
TOTAL OPERATING EXPENSES		**(77,849)**	(186,696)
PROFIT (LOSS) FOR THE YEAR		**80,422**	(130,408)
Attributable to:			
Equity holders of the parent		**68,709**	(99,555)
Non-controlling interests		**11,713**	(30,853)
		80,422	(130,408)

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2014

	2014 AED'000	2013 AED'000 (Restated)
Profit (loss) for the year	**80,422**	(130,408)
Other comprehensive income (loss):		
Items that may not be reclassified to profit or loss in subsequent periods		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	**30,526**	(2,946)
Items that may not be reclassified to profit or loss in subsequent periods	**30,526**	(2,946)
Items that may be reclassified to profit or loss in subsequent periods	**-**	-
Other comprehensive income (loss)	**30,526**	(2,946)
TOTAL COMPREHENSIVE INCOME (LOSS)	**110,948**	(133,354)
Attributable to:		
Equity holders of the parent	**99,235**	(102,501)
Non-controlling interests	**11,713**	(30,853)
	110,948	(133,354)

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	*31 March 2014 AED'000*	*31 March 2013 AED'000 (Restated)*	*1 April 2012 AED'000 (Restated)*
ASSETS				
Bank balances and cash	11	**241,844**	191,127	176,203
Investments carried at fair value through profit and loss	12	**148,041**	137,540	133,666
Investments carried at fair value through other comprehensive income	12	**100,184**	80,016	92,209
Amounts due from related parties	26	**4,457**	6,264	5,810
Investment in associates	13	**88,342**	64,854	55,256
Investment in joint venture	14	**16,804**	12,965	2,156
Investment properties	15	**76,500**	96,753	123,140
Intangible assets		**1,130**	210	58
Property, fixtures and equipment	16	**195,072**	164,695	252,675
Other assets	17	**31,520**	29,396	110,769
		903,894	783,820	951,942
Assets classified as held for sale		**-**	-	61,296
TOTAL ASSETS		**903,894**	783,820	1,013,238
LIABILITIES				
Term loans	18	**74,309**	83,465	127,957
Amounts due to related parties	26	**1,248**	6,670	7,651
Other liabilities	19	**43,106**	33,431	31,535
		118,663	123,566	167,143
Liabilities directly associated with assets classified as held for sale		-	-	25
TOTAL LIABILITIES		**118,663**	123,566	167,168

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014 [continued]

	Notes	*31 March 2014 AED'000*	*31 March 2013 AED'000 (Restated)*	*1 April 2012 AED'000 (Restated)*
EQUITY				
Share capital	20	**577,500**	577,500	577,500
Legal reserve	21	**56,520**	53,667	53,667
Statutory reserve	22	**48,097**	45,244	45,244
Cumulative changes in fair value		**17,695**	(12,831)	(8,809)
Employees' share – based payment scheme	23	**-**	4,528	4,528
Proposed dividends	20	**28,875**	-	-
Proposed Board of Directors' remuneration		**3,413**	-	-
Retained earnings (accumulated losses)		**21,195**	(14,048)	113,306
Equity attributable to equity holders of the parent Company		**753,295**	654,060	785,436
Non-controlling interests		**31,936**	6,194	60,634
TOTAL EQUITY		**785,231**	660,254	846,070
TOTAL LIABILITIES AND EQUITY		**903,894**	783,820	1,013,238
Commitments and contingent liabilities	24	**147,444**	155,752	205,553

Mr. Abdullah Mazrui
CHAIRMAN

Mr. Yasser Geissah
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014 [continued]

	Share capital AED'000	*Legal reserve AED'000*	*Statutory reserve AED'000*	*Cumulative changes in fair value AED'000*	*Employees' share - based payment scheme AED'000*	*Retained earnings (accumulated losses) AED'000*	*Proposed Board of Proposed dividends AED'000*	*Attributable to equity Directors' remuneration AED'000*	*Non- holders of parent AED'000*	*controlling interests AED'000*	*Total AED'000*
Balance at 1 April 2012	577,500	53,667	45,244	(23,929)	4,528	128,426	-	-	785,436	60,634	846,070
Prior years' adjustment (note 30)	-	-	-	15,120	-	(15,120)	-	-	-	-	-
Balance at 1 April 2012 (restated)	577,500	53,667	45,244	(8,809)	4,528	113,306	-	-	785,436	60,634	846,070
Reclassification of gains on disposal of financial assets measured at fair value through other comprehensive income	-	-	-	(1,076)	-	1,076	-	-	-	-	-
Loss for the year (restated)	-	-	-	-	-	(99,555)	-	-	(99,555)	(30,853)	(130,408)
Other comprehensive loss (restated)	-	-	-	(2,946)	-	-	-	-	(2,946)	-	(2,946)
Total comprehensive loss for the year	-	-	-	(2,946)	-	(99,555)	-	-	(102,501)	(30,853)	(133,354)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(23,587)	(23,587)
Dividends (note 25)	-	-	-	-	-	(28,875)	-	-	(28,875)	-	(28,875)
Balance at 31 March 2013 (restated)	**577,500**	**53,667**	**45,244**	**(12,831)**	**4,528**	**(14,048)**	**-**	**-**	**654,060**	**6,194**	**660,254**
Balance at 1 April 2013 (restated)	**577,500**	**53,667**	**45,244**	**(12,831)**	**4,528**	**(14,048)**	**-**	**-**	**654,060**	**6,194**	**660,254**
Profit for the year	-	-	-	-	-	68,709	-	-	68,709	11,713	80,422
Other comprehensive income	-	-	-	30,526	-	-	-	-	30,526	-	30,526
Total comprehensive income for the year	**-**	**-**	**-**	**30,526**	**-**	**68,709**	**-**	**-**	**99,235**	**11,713**	**110,948**
Reclassification of provision for employees' shares-based payment scheme (note 23)	-	-	-	(4,528)	-	-					
Transfer to legal reserves (note 21)	2,853	-	-	-	-	-					
Transfer to statutory reserves (note 22)	-	2,853	-	-	-	-					
Proposed dividends (note 20)	-	-	-	-	28,875	-					
Proposed Board of Director's remuneration	-	-	-	-	-	-					
Change in non controlling interests	-	-	-	-	-	14,029					
Balance at 31 March 2014	**56,520**	**48,097**	**17,695**	**-**	**28,875**	**31,936**					

The attached notes 1 to 30 form part of these consolidated financial statements.

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
at 31 March 2014

	2014 AED'000	2013 AED'000
OPERATING ACTIVITIES		(Restated)
Profit (loss) for the year	**80,422**	(130,408)
Adjustments for:		
Depreciation	**8,427**	12,004
Amortisation of intangible assets	**69**	37
Share of profit of associates	**(29,612)**	(8,244)
Share of profit of joint venture	**(2,004)**	(808)
Write off of property, fixtures and equipment	**55**	1,677
Net income from investments carried at fair value through profit and loss	**(43,355)**	(7,560)
(Reversal of) / impairment on property, fixtures and equipment	**(36,692)**	75,857
Impairment on deferred project cost	**-**	18,964
Change in fair value of investment properties	**20,253**	26,387
Impairment losses on trade receivables	**194**	1,531
Interest income	**(4,831)**	(5,430)
Interest expense	**4,370**	5,144
Dividend income from investments carried at fair value through other comprehensive income	**(2,595)**	(1,968)
Working capital adjustments:		
Amounts due from related parties	**1,807**	(454)
Other assets	**1,607**	(398)
Amounts due to related parties	**(5,422)**	173
Other liabilities	**9,675**	155
Net cash from (used in) operating activities	**2,368**	(13,332)

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2014 [continued]

	2014 AED'000	2013 AED'000
INVESTING ACTIVITIES		(Restated)
Purchase of property, fixtures and equipment	**(2,167)**	(1,558)
Proceeds from sale of investments carried at fair value through profit and loss	**230,935**	244,017
Purchase of investments carried at fair value through profit and loss	**(206,904)**	(243,520)
Investment in joint venture	**(1,835)**	(10,000)
Proceeds from sale of subsidiary	**-**	63,710
Proceeds from sale of investments carried at fair value through other comprehensive income	**9,164**	7,226
Proceeds from sale of investments in associates	**11,886**	-
Term deposits	**(8,924)**	(93,129)
Purchase of intangible assets	**(989)**	(189)
Interest income received	**3,555**	4,365
Dividend income received	**4,201**	6,186
Net cash from (used in) investing activities	**38,922**	(22,892)

	Note	2014 AED'000	2013 AED'000
FINANCING ACTIVITIES			
Repayment of term loans		**(9,156)**	(44,492)
Dividends paid to equity holders of the parent		**-**	(28,875)
Change in non controlling interest		**14,029**	(23,587)
Interest expense paid		**(4,370)**	(5,144)
Net cash from (used in) financing activities		**503**	(102,098)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**41,793**	(138,322)
Cash and cash equivalents at 1 April		**97,998**	236,320
CASH AND CASH EQUIVALENTS AT 31 MARCH	11	**139,791**	97,998

The attached notes 1 to 30 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

1 ACTIVITIES

The National Investor Private Joint Stock Company (the "Company") is registered in Abu Dhabi, United Arab Emirates ("UAE") as a Private Joint Stock Company pursuant to the UAE Federal Law No.8 of 1984 (as amended). In 2001, the Company received approval from the Central Bank of the UAE to conduct financial investment business as an investment company in accordance with the Central Bank's Board of Directors' Resolution No. 164/8/94 dated 18 April 1995 regarding the regulations for investment companies and banking and investment consultation companies.

The principal activities of the Group are investment banking, asset management, private equity, funds and securities investment, hospitality, third party real estate and provision of consultancy.

The registered head office of the Company is at P.O. Box 47435, Abu Dhabi, U.A.E.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 22 May 2014.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the laws in the U.A.E.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and properties which are carried at fair value.

The consolidated financial statements of the Group are prepared in U.A.E. Dirhams (AED) which is the presentation currency of the Group. All values are rounded to the nearest thousand (AED '000), except otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The accompanying consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The details of the Company's subsidiaries and their principal activities are as follows:

	Country of incorporation	*Ownership interest %*	*Principal activity*
Operating entities			
Mainland Management LLC	U.A.E.	67	Real estate investments
Falcon Investments LLC	U.A.E.	100	Property management, advisory and investment brokerage services
National Investor Property Management LLC - a subsidiary of Falcon Investments LLC	U.A.E.	100	Advisory and consultancy services
Robert Flanagan Arabian Management Consultancy LLC - a subsidiary of Falcon Investments LLC	U.A.E.	51	Management consultancy services
Professional Realtors Company Ltd- a subsidiary of Falcon Investments LLC	K.S.A	80	Real estate and consultancy
Uptown Management LLC	U.A.E.	100	Real estate investments
Uptown Investment LLC	U.A.E.	100	Real estate investments
Mainland Investment LLC	U.A.E.	100	Real estate investments
Mafraq Hotel – a subsidiary of Mainland Investment LLC	U.A.E.	100	Hospitality services
TNI (Dubai) Limited	U.A.E.	100	Investment advisory services
Consolidated Fund (1)	Ireland	100	MENA focused mutual fund
Consolidated Fund (2)	Bermuda	100	MENA focused special situations fund
Special purpose entities			
United Capital LLC	U.A.E.	100	Asset Management
Fidelity Invest LLC	U.A.E.	100	Asset Management
Fidelity Trust LLC	U.A.E.	100	Asset Management
Al Dhafra Capital LLC	U.A.E.	100	Asset Management
TNI Capital Partners Limited	Cayman Islands	100	Private Equity Funds
TNI General Partners Limited	Cayman Islands	100	Private Equity Funds
TNIH General Partner S.a.r.l	Luxembourg	100	Private Equity Funds
TNI Funds Public Limited Company	Ireland	100	Asset Management
Blue Chip Capital LLC	U.A.E.	100	Asset Management
Alliance Investment LLC	U.A.E.	100	Asset Management
Dormant entities			
National Science and Technology LLC	U.A.E.	60	Dormant entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.2. BASIS OF CONSOLIDATION [continued]

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.2 BASIS OF CONSOLIDATION [continued]

Discontinued Operations

- On 10 January 2012, the shareholders of The Regional Investor, KSA decided to liquidate its operations. The liquidation process was completed during the year ended 31 March 2013. Upon liquidation, AED 23,587 thousand was paid to non-controlling shareholders.

- During the year ended 31 March 2012, the Board of Directors of the Company decided to liquidate the following subsidiaries based on the shareholder's resolution issued by each subsidiary.

Name of subsidiary	***Year***
Falcon Capital LLC	2012
Al Dana Trust LLC	2012
TNI International Real Estate LLC	2012

The liquidation of these entities was completed during the year ended 31 March 2013.

- In December 2011, the Company disposed its controlling ownership in NAS United Healthcare Services LLC. The proceeds on the disposal of AED 63,710 thousand were received during the year ended 31 March 2013.

- During 2013, the Board of Directors of the Company decided to liquidate the following subsidiaries based on the shareholder's resolution issued by each subsidiary.

Name of subsidiary	***Year***
Blue Chip Capital LLC	2013
Alliance Investment LLC	2013

During the year ended 31 March 2014, the Group's management changed its plan to discontinue the subsidiaries and, therefore, the results of the subsidiaries have been included within the continuing operations of the Group.

2.3 NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have material non-controlling interests are provided below:

Portion of equity interest held by non-controlling interests:

	2014	2013
Mainland Management LLC	**33%**	33%

Accumulated balances of non-controlling interest

	2014	2013
	AED'000	AED'000
Mainland Management LLC	**29,592**	5,507

Profit/(loss) allocated to material non-controlling interests

	2014	2013
	AED'000	AED'000
Mainland Management LLC	**10,418**	(30,919)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.3 NON-CONTROLLING INTERESTS [continued]

The table below shows the summarised financial information of the subsidiary which have material non-controlling interest:

	2014	2013
	AED'000	AED'000
Total assets	**134,198**	93,572
Total liabilities	**45,421**	77,050
Total equity	**88,777**	16,522
Profit (loss) for the year	**31,255**	(92,758)

2.4 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. The amendments to IFRS, which are effective as of 1 April 2013 and are described in more detail below.

New and amended standards and interpretations

The following amendments to IFRS are effective as of 1 April 2013:

- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
- IAS 1 Clarification of the requirement for comparative information (Amendment)
- IAS 19 Employee Benefits (Revised 2011)
- The adoption of the standards or interpretations is described below.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

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

Please refer to Note 30 for an assessment of the impact on the Group's consolidated financial statements upon adoption of IFRS 10.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard had no impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.4 CHANGES IN ACCOUNTING POLICIES [continued]

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The application of this standard had no impact on the Group's presentation, financial position or performance, however it resulted in additional disclosures (refer to Note 2.3)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The standard does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 requires an entity to disclose information that helps users of its financial statements assess both of the following: (a) For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements. (b) For fair value measurements using significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income for the period.

The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values are determined.

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

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of overseas operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings).

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 April 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes.

The application of this amendment had no impact on the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

The application of this amendment had no impact on the Group.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

The application of this amendment had no impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.4 CHANGES IN ACCOUNTING POLICIES [continued]

IAS 19 Employee Benefits (Revised 2011)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

The application of this amendment had no impact on the Group.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – 1 January 2014

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities – 1 January 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

IFRIC Interpretation 21 Levies (IFRIC 21) – 1 January 2014

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. It is not expected that this amendment would be relevant to the Group.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 – 1 January 2014

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Currently, the Group has no derivatives instruments in designated hedging relationships.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. It is not expected that this amendment would have a significant impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES

Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term-deposits.

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short term deposits with an original maturity of three months or less.

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when the investment is classified as held for sale in which case, it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operation. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

The income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Where the Company transacts with associates, significant profits and losses are eliminated to the extent of the Company's interest in the associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Investments in joint ventures [continued]

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the joint venture. The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operations

In the income statement of the current reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit. The resulting profit or loss is reported separately in the income statement.

Property, fixtures and equipment

Property, fixtures and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

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

Leasehold improvements	3 - 4 years
Buildings	30 years
Furniture and fixtures	3 - 7 years
Office equipment	2 - 10 years
Motor vehicles	3 - 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Property, fixtures and equipment [continued]

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated income statement when the asset is derecognized.

The carrying values of property, fixtures and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Capital work in progress

Capital work in progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property, fixtures and equipment category and is depreciated in accordance with the Group's policies.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Financial instruments

Financial instruments – initial recognition and subsequent measurement

<u>Date of recognition</u>

All financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

<u>Initial measurement</u>

All financial instruments are initially measured at their fair value plus or minus transaction costs, however for those financial assets and financial liabilities measured at fair value through profit or loss transaction costs are charged to profit and loss.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on the Company's business model for managing those financial assets and their contractual cash flow characteristics.

Transaction costs expected to be incurred on transfer or disposal of a financial instrument are not included in the measurement of the financial instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Financial instruments [continued]

<u>Subsequent measurement</u> continued

Financial assets measured at amortised cost

Financial assets are measured at amortised cost only if the asset is held within a business model whose objective is to hold the asset to collect its contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amount. An inability to meet these two criteria requires the financial asset to be subsequently measured at fair value through profit or loss. However, even where both conditions are met, the Company may elect upon initial recognition to measure the financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments (including derivatives embedded in financial host assets) meeting these criteria are subsequently measured at amortised cost using the effective interest rate method, adjusted for any impairment charges and transaction costs incurred upon initial recognition. The effective interest rate method calculates an interest rate which exactly discounts estimated future cash receipts through the expected life of the financial asset or a shorter period (where appropriate) to the net carrying amount of the financial asset. After initial measurement at fair value, long term receivables, short term trade and other receivables, due from related parties and bank balances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate method. The amortisation is included in interest income in the income statement. The losses arising from impairment are recognised in the income statement.

Other financial assets measured at fair value through profit or loss

Financial assets which do not meet the amortised cost criteria such as derivatives and financial assets held for trading are measured at fair value through profit or loss. Gains or losses arising on subsequent measurement of these financial assets are recognised in the income statement.

Financial assets or financial liabilities held-for-trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss. Interest and dividend are recorded in profit or loss according to the terms of the contract, or when the right to the payment has been established.

Equity investments at fair value through other comprehensive income

Equity investments not held for trading can be designated as being measured at fair value through other comprehensive income at initial recognition and such an election is irrevocable. This designation is made on an instrument-by-instrument basis. Gains or losses arising on subsequent measurement of these equity investments are recognised in other comprehensive income. The gain or loss on disposal of the asset is reclassified to retained earnings and is not recycled to profit or loss. Transaction costs on disposal are taken to the income statement. Dividends received on these equity investments are recognised in the income statement unless the dividend represents recovery of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Financial instruments [continued]

Subsequent measurement continued

Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management at initial recognition. Management may designate a financial asset at fair value through profit or loss upon initial recognition only when the first of the following criteria are met. A financial liability may be so designated when any of the three criteria are met. Designation is determined on an instrument by instrument basis:

• The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

• The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

• The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net income or loss on financial assets and liabilities designated at fair value through profit or loss, except that the fair value change attributable to credit risk in respect of the financial liabilities is recognised in other comprehensive income, provided that there is no measurement mismatch arising from such recognition. Interest earned or incurred is accrued in interest income or interest expense, respectively, using the effective interest rate method, while dividend income is recorded in profit or loss when the right to the payment has been established.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Fair values are evaluated as at statement of financial position date by applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Trade receivables

Trade receivables are stated at original invoice amount net of provisions for amounts estimated to be impaired. A provision for doubtful debts is made when collection of the full amount is no longer possible. Bad debts are written off when there is no possibility of recovery.

Share-based payment transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in staff expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

Leases payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the party or not.

Employee benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

The Group provides end of service benefits for its non-local employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Term loans

Term loans are initially recorded at fair value of consideration received less directly attributable transaction costs. After initial recognition, term loans are subsequently measured at amortised cost using the effective interest rate method.

Foreign Currencies

Foreign currency transactions are recorded at rates of exchange ruling at the value dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the rates of exchange ruling at the consolidated statement of financial position date. Any resultant gains and losses are recognised in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Fair value measurement

The Group measures financial instruments, such as available for sale assets, and financial assets at fair value through profit and loss, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or

• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

Recognition of income and expenses

Fee and service income

Fee and income from services provided by the Group during the year are recognized on an accrual basis when the services are rendered and no significant uncertainties remain regarding the recovery of consideration due. Fees that are earned on the execution of a significant act are recognized as revenue when the significant act has been completed.

Interest income and expenses

Interest income comprises income on call and time deposit accounts and is recognized in the consolidated income statement as it accrues using the effective interest method. Interest expense is comprised of borrowing costs on loans and recognized in income statement using the effective interest method. Borrowing costs on qualifying assets are capitalized in the cost of qualifying asset.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

2.7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect in the amounts recognised in the consolidated statement of financial position:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014

2.7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS [continued]

Judgments [continued]

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and property held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by management.

Classification of investments

The Group classifies investments as fair value through profit and loss if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as fair value through profit and loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit and loss in the management accounts, they are classified as fair value through profit and loss.

Equity investments not held for trading can be designated as being measured at fair value through other comprehensive income at initial recognition.

Investments are classified at amortised cost only if the asset is held within a business model whose objective is to hold the asset to collect its contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amount.

Classification of investments in subsidiaries and associates

Management performed an assessment on the extent of control or influence over the entities considered subsidiaries and associates. Management is satisfied that the investments are appropriately classified after consideration of the Group's control or influence over the operational and financial policies of these entities. Please refer to Note 30 for further details on the current year assessment performed by management.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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:

Useful lives of property, fixtures and equipment

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

Impairment of investments in associates

Management regularly reviews its investments in associates for indicators of impairment. This determination of whether investments in associates are impaired entails Management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss.

Impairment of trade and other receivables and due from related parties

An estimate of the collectible amount of trade and other receivables and due from related parties is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired entails Management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with legal department and review of current economic environment. Management believes that the recorded provision is sufficient to cover anticipated losses.

At the statement of financial position date, gross trade receivables and amounts due from related parties were AED 18,837 thousand and AED 4,457 thousand respectively (2013: AED 25,564 thousand and 6,264 thousand), with provision for doubtful debts amounting to AED 5,888 thousand (2013: AED 5,873 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS [continued]

Estimates and assumptions [continued]

Valuation of unquoted equity investments

Valuation of unquoted equity investments carried at fair value through other comprehensive income and carried at fair value through profit and loss are normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. Management believes that the unquoted equity investments are properly stated at fair value as of 31 March 2014.

Fair value of investment properties

In order to assess the fair value of investment properties, the Group engages the services of professional appraisers. Management believes that the appraised value reflects the true fair value of properties in light of current economic situations. The total fair value of investment properties at 31 March 2014 amounted to AED 76,500 thousand (2013: AED 96,753 thousand). If fair value increases/decreases by 10%, the change in fair value of investment properties recognised in profit or loss for the year ended 31 March 2014 will increase/decrease by AED 7,650 thousand.

Valuation of assets classified as held for sale

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Management has reviewed the assets classified as held for sale and has determined the fair value less costs to sell based on current economic environment.

3 FEE AND SERVICE INCOME

	2014	*2013*
	AED'000	*AED'000*
		(Restated)
Consultancy and other service income	**38,614**	21,830
Revenue from hotel services	**31,861**	21,475
Asset management fees	**17,953**	10,256
Leasing and brokerage income	**5,589**	2,438
Investment banking fees	**1,265**	1,558
	95,282	**57,557**

4 NET INCOME FROM INVESTMENTS CARRIED AT FAIR VALUE THROUH PROFIT AND LOSS

	2014	*2013*
	AED'000	*AED'000*
		(Restated)
Realised (loss) gain on disposal	**(107)**	210
Unrealised gain on revaluation	**38,027**	2,820
Dividend and interest income	**5,435**	4,530
	43,355	**7,560**

5 INTEREST INCOME

	2014	*2013*
	AED'000	*AED'000*
		(Restated)
Time deposits	**4,803**	4,341
Call accounts	**28**	1,089
	4,831	**5,430**

6 OTHER OPERATING INCOME

	2014	*2013*
	AED'000	*AED'000*
		(Restated)
Reversal of provisions	**122**	228
Others	**723**	880
	845	**1,108**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

7 OPERATING EXPENSES

	2014	*2013*
	AED'000	*AED'000*
		(Restated)
Staff costs	**62,748**	47,694
Professional fees	**1,856**	3,632
Rent expense	**2,142**	2,808
Others	**34,735**	19,025
	101,481	**73,159**

8 INTEREST EXPENSE

	2014	*2013*
	AED'000	*AED'000*
		(Restated)
Term loans	**3,788**	4,011
Others	**582**	1,133
	4,370	**5,144**

9 (REVERSAL OF) IMPAIRMENT OF PROPERTY, FIXTURES AND EQUIPMENT

	2014	*2013*
	AED'000	*AED'000*
(Reversal of) / impairment of property, fixtures and equipment (note 16)	**(36,692)**	**75,857**

In the prior year, the Group wrote down the property, fixtures and equipment of Mafraq Hotel LLC to their recoverable amounts of AED 164,000 thousand as of 31 March 2013. As a result, an impairment loss of AED 75,857 thousand was recorded in the consolidated income statement. The recoverable amounts have been determined based on a value in use calculation.

During the current year, the Group reassessed the recoverable amount of its previously impaired property, fixtures and equipment of Mafraq Hotel which resulted in a reversal of impairment charges previously recorded amounting to AED 36,692 thousand. The recoverable amounts were based on a value in use calculation. The cash flows were discounted at a rate of 10%.

10 DISCONTINUED OPERATIONS AND SUBSIDIARIES HELD FOR SALE

Year ended 31 March 2013

During 2013, the Board of Directors of the Company decided to liquidate the following subsidiaries based on the shareholder's resolution issued by each subsidiary.

Name of subsidiary	*Percentage ownership*	*Year*
Blue Chip Capital LLC	100%	2013
Alliance Investment LLC	100%	2013

During the year ended 31 March 2014, the Group's management changed its plan to discontinue the subsidiaries and, therefore, the results of the subsidiaries have been included within the continuing operations of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

11 CASH AND CASH EQUIVALENTS

	31 March 2014 AED'000	31 March 2013 AED'000 (Restated)	1 April 2012 AED'000 (Restated)
Cash in hand	**69**	103	100
Call and current accounts with banks	**43,639**	28,264	27,640
Term deposits	**198,136**	162,760	148,463
Bank balances and cash	**241,844**	191,127	176,203
Less: bank deposits with maturities over three months	**(102,053)**	(93,129)	-
	139,791	97,998	176,203
Classified as part of disposal group held for sale	**-**	-	60,117
	139,791	**97,998**	**236,320**

Bank deposits carry an interest rate ranging from 0.86% to 3.75% (31 March 2013: 0.85% to 3.35%) per annum.

12 INVESTMENTS CARRIED AT FAIR VALUE

	31 March 2014 AED'000	31 March 2013 AED'000 (Restated)	1 April 2012 AED'000 (Restated)
Investments carried at fair value through profit and loss			
Listed equity securities	**110,548**	74,665	75,716
Investment in participatory notes	**34,965**	48,929	36,158
Investment in debt securities	**2,528**	7,712	10,978
Investment in mutual funds	**-**	5,216	-
Private equity investments	**-**	1,018	1,018
Investments in islamic sukuk	**-**	-	9,796
	148,041	**137,540**	**133,666**
Investments carried at fair value through other comprehensive income			
Founder shares	**39,241**	31,144	33,739
Listed equity securities	**41,891**	24,824	27,927
Equity funds	**19,052**	24,048	30,543
	100,184	**80,016**	**92,209**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

13 INVESTMENT IN ASSOCIATES

The Group has the following investments in associates which are accounted for using the equity method.

	Country of incorporation	Ownership interest %	Principal activity
UAE Mall LLC (UAE Mall)	U.A.E.	35	Web based online shopping company
National Entertainment LLC (Tarfeeh)	U.A.E.	40	Entertainment services
Blue Chip Fund	U.A.E.	33.5	Asset management
Growth Capital Fund	Cayman Island	35.7	Asset management

The operations of the UAE Mall LLC (UAE Mall) are currently suspended.

Summarised financial information of the associates is set out below.

	31 March 2014 AED'000	31 March 2013 AED'000 (Restated)	1 April 2012 AED'000 (Restated)
Associates' statement of financial position			
Assets	**261,535**	197,575	283,066
Liabilities	**(5,707)**	(14,313)	(13,372)
Net assets	**255,828**	183,262	269,694
Group's share of net assets	**88,342**	64,854	55,256
Carrying amount of investment in associates	**88,342**	64,854	55,256

	2014 AED'000	2013 AED'000 (Restated)
Associates' revenue and profit:		
Revenue	**104,228**	**28,135**
Profit for the year	**87,931**	**22,669**
Group's share of profit for the year	**29,612**	**8,244**

As of 31 March 2014, the Group's share of the contingent liabilities of associates (corporate guarantees) amounted to Nil (2013: AED 20.7 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

14 INVESTMENT IN JOINT VENTURE

During the year ended 31 March 2013 the Group acquired a 50% stake in Knightsbridge Global Security LLC (Dubai & Abu Dhabi) at a purchase price of AED 10 million.

The Group has the following investments in joint ventures which are accounted for using the equity method.

	Country of incorporation	*Ownership interest %*	*Principal activity*
Knightsbridge Global Security LLC	U.A.E.	50	Providing security, guarding and surveillance services for buildings and other properties.
Etqaan Shariah Fund	Cayman Islands	42.5	Asset management

Summarised financial information of the joint ventures is set out below.

	31 March 2014 AED'000	*31 March 2013 AED'000 (Restated)*	*1 April 2012 AED'000 (Restated)*
Joint venture's statement of financial position			
Assets	**27,043**	17,933	5,938
Liabilities	**(8,018)**	(7,132)	(870)
Net assets	**19,025**	10,801	5,068
Group's share of net assets	**9,054**	5,215	2,156
Goodwill on acquisition	**7,750**	7,750	-
Carrying amount of investment in joint venture	**16,804**	12,965	2,156

	2014 AED'000	*2013 AED'000 (Restated)*
Associates' revenue and profit:		
Revenue	**46,335**	30,882
Profit for the year	**3,883**	1,405
Group's share of profit for the year	**2,004**	808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

15 INVESTMENT PROPERTIES

	2014 AED'000	*2013 AED'000*
Opening balance	**96,753**	123,140
Change in fair value	**(20,253)**	(26,387)
	76,500	96,753

The Group owns two plots of land for which the Group has the intention to construct investment properties, therefore these plots of land have been classified as investment properties. Investment properties are stated at fair value, which was determined as follows:

2014 Valuation

The fair values of the plots of land were determined by reference to a valuation carried out by an independent valuer not related to the Group. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards, was arrived at by considering the residual method of valuation.

2013 Valuation

The valuation, which represents management's best estimate of the fair value of investment properties, was made with reference to a range of comparable prices, provided by an accredited valuer, a subsidiary of the Group, with a recognized and relevant professional qualification and recent experience in the location and category of investment properties being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

15 INVESTMENT PROPERTIES [continued]

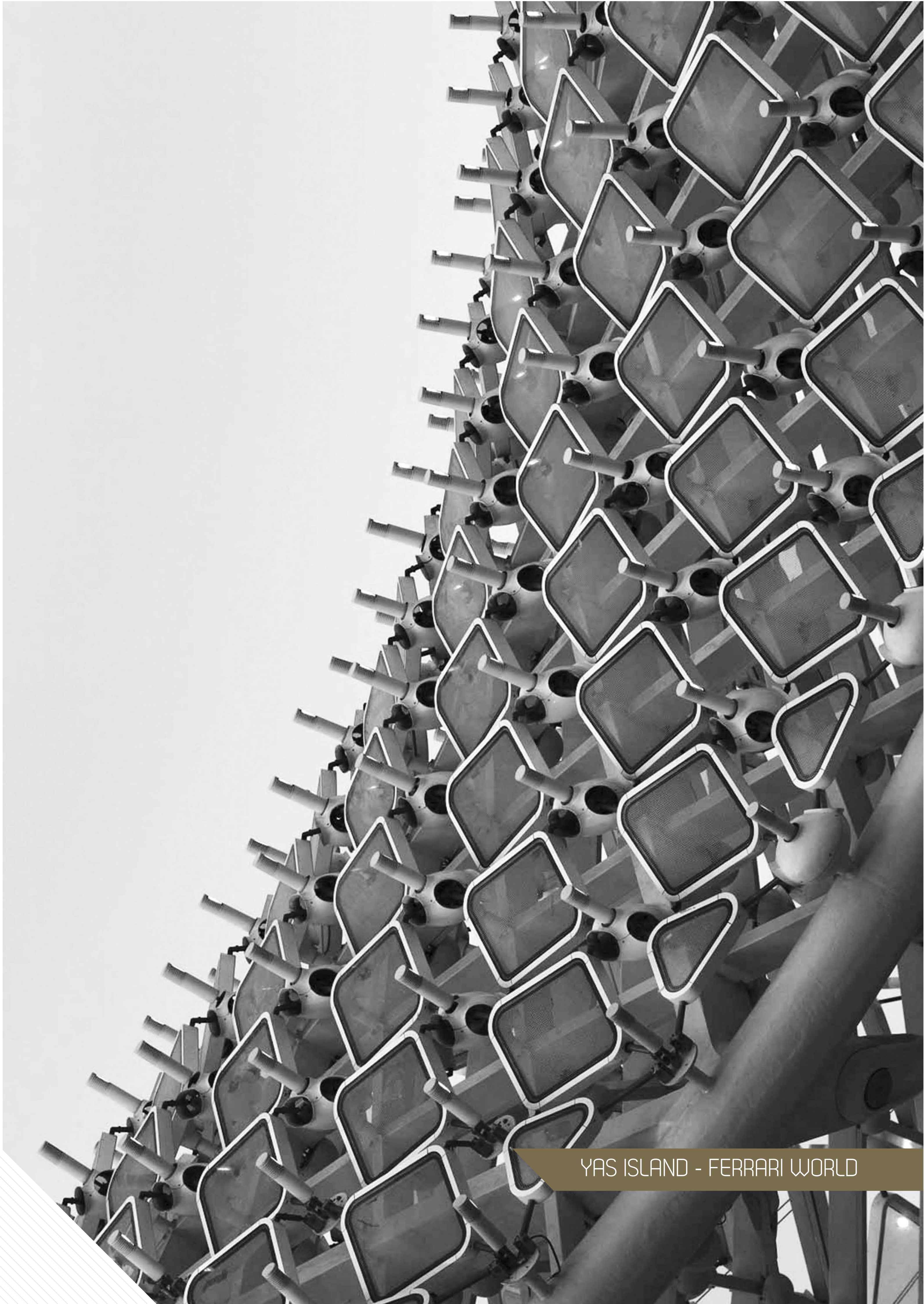
The following illustrates the analysis of investment properties recorded at fair value by level of hierarchy:

	Date of valuation	*Total AED'000*	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
2014					
Investment Properties	**2 April 2014**	**76,500**	**-**	**-**	**76,500**
2013					
Investment Properties	25 March 2013	96,753	-	96,753	-

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	*Significant unobservable inputs*	*Range*
Plot C7 - Commercial	Residual method	Finance costs	7%
		Construction time frame	24 months
		Gross development area	305,495 sq ft.
		Net lettable area	229,121 sq ft.
		Rent	AED 110/sq ft.
Plot C13 - Residential	Residual method	Finance costs	7%
		Construction time frame	24 months
		Gross development area	280,989 sq ft.
		Rent	AED 65,000/studio room – AED 180,000/3 room apartment

The residual valuation approach is the valuation method accepted by the Royal Institution of Chartered Surveyors for valuing developments and opportunities which take time to come to fruition. The residual method calculates the gross development value of the development which is then reduced by the gross development costs of the scheme to leave a residual value. This represents the value of the land element. The residual valuation methodology is typically applied through the use of cash flow modelling which takes account of all anticipated future revenue and cost streams. A residual model depends on a number of assumptions; this may not have a major impact in a stable real estate market, but can impact the reliability of the model in a highly volatile market.



YAS ISLAND - FERRARI WORLD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

16 PROPERTY, FIXTURES AND EQUIPMENT

	Freehold land AED'000	*Leasehold improvements AED'000*	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Office equipment AED'000*	*Motor vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2014								
Cost:								
At 1 April 2013	61,506	5,668	186,207	8,184	23,301	1,352	55	286,273
Additions	-	134	-	1,011	890	132	-	2,167
Disposals	-	-	-	-	(66)	(314)	-	(380)
Write offs	-	-	-	-	-	-	(55)	(55)
At 31 March 2014	**61,506**	**5,802**	**186,207**	**9,195**	**24,125**	**1,170**	**-**	**288,005**
Accumulated depreciation:								
At 1 April 2013	-	4,578	20,119	5,544	14,568	912	-	45,721
Charge for the year	-	155	5,532	485	2,165	90	-	8,427
Disposals	-	-	-	-	(66)	(314)	-	(380)
At 31 March 2014	**-**	**4,733**	**25,651**	**6,029**	**16,667**	**688**	**-**	**53,768**
Net carrying amount before impairment:								
At 31 March 2014	**61,506**	**1,069**	**160,556**	**3,166**	**7,458**	**482**	**-**	**234,237**
Impairment:								
At 1 April 2013	19,452	271	52,528	2,022	1,496	88	-	75,857
Amounts reversed during the year (note 9)	(9,747)	(132)	(25,412)	(719)	(647)	(35)	-	(36,692)
At 31 March 2014	**9,705**	**139**	**27,116**	**1,303**	**849**	**53**	**-**	**39,165**
Net carrying amount after impairment:								
At 31 March 2014	**51,801**	**930**	**133,440**	**1,863**	**6,609**	**429**	**-**	**195,072**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

16 PROPERTY, FIXTURES AND EQUIPMENT [continued]

	Freehold land AED'000	*Leasehold improvements AED'000*	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Office equipment AED'000*	*Motor vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2013								
Cost:								
At 1 April 2012	61,506	4,787	187,916	7,937	23,027	1,352	-	286,525
Additions	-	881	33	247	342	-	55	1,558
Disposals	-	-	-	-	(68)	-	-	(68)
Write offs	-	-	(1,742)	-	-	-	-	(1,742)
At 31 March 2013	61,506	5,668	186,207	8,184	23,301	1,352	55	286,273
Accumulated depreciation:								
At 1 April 2012	-	4,455	12,554	3,956	12,078	807	-	33,850
Charge for the year	-	123	7,630	1,588	2,558	105	-	12,004
Disposals	-	-	-	-	(68)	-	-	(68)
Write offs	-	-	(65)	-	-	-	-	(65)
At 31 March 2013	-	4,578	20,119	5,544	14,568	912	-	45,721
Net carrying amount before impairment:								
At 31 March 2013	61,506	1,090	166,088	2,640	8,733	440	55	240,552
Impairment:								
At 1 April 2012	-	-	-	-	-	-	-	-
Impairment during the year (note 9)	19,452	271	52,528	2,022	1,496	88	-	75,857
At 31 March 2013	19,452	271	52,528	2,022	1,496	88	-	75,857
Net carrying amount after impairment:								
At 31 March 2013	42,054	819	113,560	618	7,237	352	55	164,695

Capital work in progress as of 31 March 2013 mainly pertains to the advance paid to update the software application in the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

17 OTHER ASSETS

	31 March 2014 AED'000	*31 March 2013 AED'000 (Restated)*	*1 April 2012 AED'000 (Restated)*
Advances to suppliers	**-**	86	113
Trade receivables	**18,837**	25,564	20,725
Deferred project costs	**18,964**	18,964	20,082
Prepaid expenses	**8,410**	4,310	4,549
Due from employees	**1,559**	1,272	1,590
Accrued income	**3,931**	2,443	8,290
Others	**4,671**	1,594	64,154
	56,372	54,233	119,503
Less: allowance for doubtful debts	**(5,888)**	(5,873)	(8,656)
Less: provision for deferred project costs*	**(18,964)**	(18,964)	-
	31,520	29,396	110,847
Classified as part of a disposal group held for sale	**-**	-	(78)
	31,520	29,396	110,769

*This item represents design costs incurred in prior years related to certain projects. During the prior year, a provision was recorded against these costs due to the suspension of the projects.

As at 31 March 2014, trade receivables at nominal value of AED 5,888 thousand (2013: AED 5,873 thousand, 1 April 2012: 8,656 thousand) were impaired, and fully provided for.

The movement in the allowance for doubtful debts is as follows:

	31 March 2014 AED'000	*31 March 2013 AED'000 (Restated)*	*1 April 2012 AED'000 (Restated)*
Balance at the beginning of the year	**5,873**	8,656	7,660
Charge for the year	**194**	1,531	1,668
Reversal during the year	**(179)**	(4,314)	(672)
Balance at the end of the year	**5,888**	5,873	8,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

17 OTHER ASSETS [continued]

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

			Past due but not impaired			
	Total	Neither past due nor impaired	← 30 days	30 – 60 days	61 – 90 days	→90 days
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
2014	**12,949**	**-**	**4,952**	**4,150**	**1,340**	**2,507**
2013	19,691	-	13,894	2,821	497	2,479
2012	12,069	-	4,468	2,016	1,192	4,393

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

18 TERM LOANS

	2014 AED'000	2013 AED'000
Term loan 1	**69,576**	66,465
Term loan 2	**4,733**	17,000
	74,309	83,465

Term loan 1: During July 2012, the Group restructured its loan with National Bank of Abu Dhabi. As a result, an amount of AED 42 million was paid. The interest rate on the loan was reduced from EIBOR plus 400 basis points to EIBOR plus 300 basis points per annum with a minimum of 4.5% per annum. The loan is repayable over twenty two quarterly installments which started on 1 April 2014.

The facility is secured by a first degree mortgage amounting to AED 140 million over the land and building of Mafraq Hotel and a Corporate Guarantee of the Parent Company.

Term loan 2: Mainland Management entered into a bridge loan agreement with Finance House PJSC, a related party, on 26 March 2007, amounting to AED 17 million. During the year ended 31 March 2014, the outstanding amount was converted into additional capital contribution to Mainland Management. Subsequently an amount of AED 4.7 million was lent to Mainland Management. Interest is charged at 4% per annum (31 March 2013: 5% per annum).

19 OTHER LIABILITIES

	31 March 2014 AED'000	31 March 2013 AED'000 (Restated)	1 April 2012 AED'000 (Restated)
Trade payables	**10,082**	11,952	7,966
Accrued expenses	**20,320**	10,507	12,574
Provision for end of service benefits	**12,704**	10,972	11,020
	43,106	33,431	31,560
Classified as part of disposal group held for sale	**-**	-	(25)
	43,106	**33,431**	**31,535**

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

	31 March 2014 AED'000	31 March 2013 AED'000 (Restated)	1 April 2012 AED'000 (Restated)
Balance at the beginning of the year	**10,972**	11,020	15,733
Provided during the year	**3,694**	1,994	2,304
Payments during the year	**(1,962)**	(2,042)	(1,123)
Disposal of a subsidiary	**-**	-	(5,894)
Balance at end of the year	**12,704**	10,972	11,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

20 SHARE CAPITAL

	2014 AED'000	2013 AED'000
Authorised, issued and fully paid		
57,750 thousand shares (31 March 2013: 57,750 thousand shares)		
of AED 10 each (31 March 2013: AED 10 each)	**577,500**	**577,500**

The Board of Directors has proposed, subject to the approval of the shareholders in their forthcoming Annual General Meeting, cash dividends amounting to AED 28,875 thousand (2013: AED nil).

21 LEGAL RESERVE

As required by the UAE Commercial Company Law No. (8) of 1984 (as amended) and the Articles of Association of the Company and its subsidiaries, 10% of the profit for the year, on individual basis, must be transferred to legal reserve. The Company and its subsidiaries may resolve to discontinue such transfers when the reserve equals 50% of the share capital. The legal reserve is not available for distribution.

22 STATUTORY RESERVE

In accordance with the Company's Articles of Association, 10% of the profit for the year shall be transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the statutory reserve equals 50% of the share capital. The statutory reserve is not available for distribution.

23 EMPLOYEES' SHARE-BASED PAYMENT SCHEME

The Company introduced in 2008 a share based payment scheme which is designed to reward eligible employees by aligning their interests with the interests of the shareholders by providing a long term incentive for those eligible employees. The values of stock options granted to employees are expensed over a period of 3 years. The reserve relating to the scheme amounted to AED 4,528 thousand as of 31 March 2013.

On 23 May 2013, the Board of Directors resolved to cancel the scheme and, accordingly, the balance of the reserve was transferred to retained earnings.

24 COMMITMENTS AND CONTINGENT LIABILITIES

	2014 AED'000	2013 AED'000
Bank guarantees	**31,243**	30,000
Corporate guarantees	**85,006**	92,722
Capital commitments	**31,195**	33,030
	147,444	155,752

The Group is a defendant in a number of lawsuits relating to its ordinary course of business. Management believes, based on legal advice, that the likelihood of the unfavorable outcome is remote; as such, no provision has been made in the consolidated financial statements (2013: AED nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

25 DIVIDENDS

On 20 July 2012, dividends of 5% of the Company's paid up capital amounting to AED 28,875 thousand were approved by the shareholders in the Annual General Meeting.

26 RELATED PARTY TRANSACTIONS

Related parties represent associates, joint ventures, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The year end balances in respect of related parties included in the consolidated statement of financial position are as follows:

	31 March 2014 AED'000	*31 March 2013 AED'000 (Restated)*	*1 April 2012 AED'000 (Restated)*
Amounts due from related parties			
Associates	**1,010**	2,793	1,685
Funds under management	**18**	76	-
Others (entities under common control)	**3,429**	3,395	5,226
	4,457	6,264	6,911
Classified as part of disposal group held for sale	**-**	-	(1,101)
	4,457	6,264	5,810
Amounts due to related parties			
Funds under management	**10**	10	40
Others (entities under common control)	**1,238**	6,660	7,611
	1,248	6,670	7,651
Term loans			
Loan obtained from Finance House	**4,733**	17,000	17,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

26 RELATED PARTY TRANSACTIONS [continued]

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

	2014 AED'000	*2013 AED'000 (Restated)*
Fees earned from related parties	**17,707**	10,645
Guarantees issued on behalf of the Company	**88,128**	90,922
Short term benefits of key management personnel (salaries, benefits and bonuses)	**11,176**	10,970
Interest expense on loan obtained from Finance House	**409**	1,163

27 FIDUCIARY ACTIVITIES

As at 31 March 2014, the Group held-under-trust the following assets:

	2014 AED'000	*2013 AED'000*
Shares (at market value)	***38,151***	64,969
Bank balances	***8,546***	10,478

The above assets have not been reflected in these consolidated financial statements.

28 RISK MANAGEMENT

28.1 Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Board of Directors

The overall risk management responsibility lies with the Board of Directors of the Group. It provides the direction, strategy and oversight of all the activities through various committees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

28 RISK MANAGEMENT [continued]

28.1 Introduction [continued]

Risk management framework [continued]

Audit Committee

The Audit Committee comprises three independent members who represent the Board of Directors of the Group. The Audit Committee has the overall responsibility of assessing the internal audit findings, directing implementation of audit recommendations and overseeing the internal audit activities undertaken within the internal control environment and regulatory compliance framework of the Group. Duties and responsibilities of the Audit Committee are governed by a formally approved Audit Committee Charter which is in line with best practice and control governance.

Management Committee

The Management Committee is responsible for identifying, measuring, monitoring and controlling the risks arising out of various activities in the Group.

Internal Audit

Risk management processes throughout the Group are audited annually by the internal audit function which is outsourced and examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee. The Internal Audit has direct reporting lines to the Audit Committee in order to secure independence and objectivity in all audit engagements undertaken within the Group.

Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

28.2 Market risk

Market risk is the risk that the fair value and future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities.

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates, with all other variables held constant, of the Group's result for the year.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 March 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

	Effect on profit AED'000
2014	
+100 increase in basis point	**1,413**
-100 decrease in basis point	**(1,413)**
2013	
+100 increase in basis point	1,010
-100 decrease in basis point	(1,010)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is limited since a significant proportion of the Group's transactions, monetary assets and liabilities are denominated in U.A.E. Dirhams and U.S. Dollars. As the U.A.E. Dirham is pegged to the U.S. Dollar, balances in U.S. Dollars are not considered to represent significant currency risk.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The following table estimates the sensitivity to a possible change in equity markets on the Group's income statement. The sensitivity of the income statement is the effect of the assumed change in the equity indices on the fair value of investments carried at fair value through profit or loss.

	Assumed level of change	***Impact on net income 2014***	*Impact on net income 2013*
	%	***AED'000***	*AED'000*
Investments carried at fair value through profit or loss			
Abu Dhabi Securities Market Index	5%	**963**	716
Dubai Financial Market Index	5%	**676**	225
Other markets	5%	**3,888**	2,792

The effect on equity (as a result of a change in the fair value of equity instruments carried at fair value through other comprehensive income at 31 March 2014) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows.

	Assumed level of change	***Impact on net income 2014***	*Impact on net income 2013*
	%	***AED'000***	*AED'000*
Investments carried at fair value through other comprehensive income			
Abu Dhabi Securities Market Index	5%	**1,962**	1,557
Dubai Financial Market Index	5%	**2,094**	1,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

28.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 March 2014 AED'000	*31 March 2013 AED'000 (Restated)*
Balances with banks	**241,844**	191,127
Amounts due from related parties	**4,457**	6,264
Other assets	**23,110**	25,000
	269,411	222,391

28.4 Liquidity risk and funding management

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

Analysis of financial assets and financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at 31 March 2014 based on contractual maturities.

	Less than 3 months AED'000	*3 months to 1 year AED'000*	*1 year to 5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
ASSETS					
Bank balances and cash	139,791	102,053	-	-	241,844
Amounts due from related parties	2,162	204	2,091	-	4,457
Investments, including associates	148,041		205,330	-	353,371
Other assets	21,664	1,446	-	-	23,110
Financial assets	311,658	103,703	207,421	-	622,782
Non-financial assets	8,410	-	87,457	185,245	281,112
Total assets	**320,068**	**103,703**	**294,878**	**185,245**	**903,894**
LIABILITIES					
Term loans	4,384	10,618	66,948	-	81,950
Amounts due to related parties	1,248	-	-	-	1,248
Other liabilities	30,403	12,703	-	-	43,106
Total liabilities	**35,378**	**23,321**	**66,948**	**1,913**	**126,304**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

28 RISK MANAGEMENT [continued]

28.4 Liquidity risk and funding management [continued]

The maturity profile of the financial assets and liabilities at 31 March 2013 was as follows:

	Less than 3 months AED'000	*3 months to 1 year AED'000*	*1 year to 5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
ASSETS					
Bank balances and cash	97,998	93,129	-	-	191,127
Amounts due from related parties	4,152	2,112	-	-	6,264
Investments, including associates	137,540	-	157,835	-	295,375
Other assets	23,438	1,562	-	-	25,000
Financial assets	263,128	96,803	157,835	-	517,766
Non-financial assets	1,077	3,318	106,042	155,617	266,054
Total assets	**264,205**	**100,121**	**263,877**	**155,617**	**783,820**
LIABILITIES					
Term loans	-	17,425	78,096	8,474	103,995
Amounts due to related parties	6,670	-	-	-	6,670
Other liabilities	22,459	10,972	-	-	33,431
Total liabilities	**29,129**	**28,397**	**78,096**	**8,474**	**144,096**

28.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, systems failure, human error, fraud or external events. When required controls fail, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. While the Group cannot expect to eliminate all operational risks, through a control framework and by continuous monitoring and responding to potential risks, the Group is able to manage these risks. Controls include effective segregation of duties, appropriate access, authorisation and reconciliation procedures, staff training and robust assessment processes. The processes are reviewed on an ongoing basis.

28.6 Capital management

Capital includes equity attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of investments carried at fair value through other comprehensive income, investments carried at fair value through profit and loss, due from related parties, bank balances and cash and some other assets. Financial liabilities consist of term loans, due to related parties and some other liabilities.

In the opinion of management, the estimated carrying values and fair values of financial assets and liabilities, that are not carried at fair value in the consolidated financial statements are not materially different, since assets and liabilities are either short term in nature or are re-priced on a frequent basis.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the year ended 31 March 2014:

	Level 1 *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*	*Total* *AED'000*
FINANCIAL ASSETS				
Carried at fair value through profit or loss				
Quoted equities	110,548	-	-	110,548
Unquoted securities	-	37,493	-	37,493
	110,548	**37,493**	**-**	**148,041**
Carried at fair value through other comprehensive income				
Quoted equities	81,132	-	-	81,132
Unquoted equities	-	19,052	-	19,052
	81,132	**19,052**	**-**	**100,184**

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the year ended 31 March 2013:

	Level 1 *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*	*Total* *AED'000*
FINANCIAL ASSETS				
Carried at fair value through profit or loss				
Quoted equities	74,665	-	-	74,665
Unquoted securities	-	62,875	-	62,875
	74,665	**62,875**	**-**	**137,540**
Carried at fair value through other comprehensive income				
Quoted equities	55,968	-	-	55,968
Unquoted equities	-	24,048	-	24,048
	55,968	**24,048**	**-**	**80,016**

Transfers between categories

During the reporting period ended 31 March 2014 and 31 March 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2014

30 PRIOR YEARS' ADJUSTMENTS

Effective 1 April 2013, the Group adopted IFRS 10, and as a result it concluded that it has control over the following funds which were not previously consolidated:

Investment	**% holding**
Consolidated Fun d (1)	100
Consolidated Fund (2)	100

The Group has also determined that it exercises significant influence/joint control over the following investments:

Investment	**% holding**
Blue Chip Fund	33.5
Growth Capital Fund	35.7
Etqaan Shariah Fund	42.5

The above changes were applied on a retrospective basis. The effect of the prior years' adjustments is as follows:

	31 March 2013 *AED'000*
Impact on the consolidated income statement	
Decrease in fee and service income	(1,928)
Increase in net income from investments carried at fair value through profit and loss	6,230
Increase in share of profit of associates	6,361
Increase in interest income	855
Increase in other operating income	286
Increase in operating expenses	(3,514)
Increase in interest expense	(864)
Net impact on profit	7,426

	31 March 2013 *AED'000*	*1 April 2012* *AED '000*
Impact on the consolidated statement of financial position		
Increase in cash and bank balances	9,948	16,579
Increase in investments carried at fair value through profit and loss	123,955	116,084
Decrease in investments carried at fair value through other comprehensive income	(195,712)	(186,284)
Increase in investments in associates	60,711	52,845
Increase in other assets	4,449	1,431
Increase in amounts due from related parties	(409)	(330)
Increase in other liabilities	(2,942)	(325)
Increase in cumulative changes in fair value	7,694	15,120
Decrease in retained earnings	(7,694)	(15,120)
	-	-