TNI ANNUAL REPORT

14/15

المستثمر الوطني

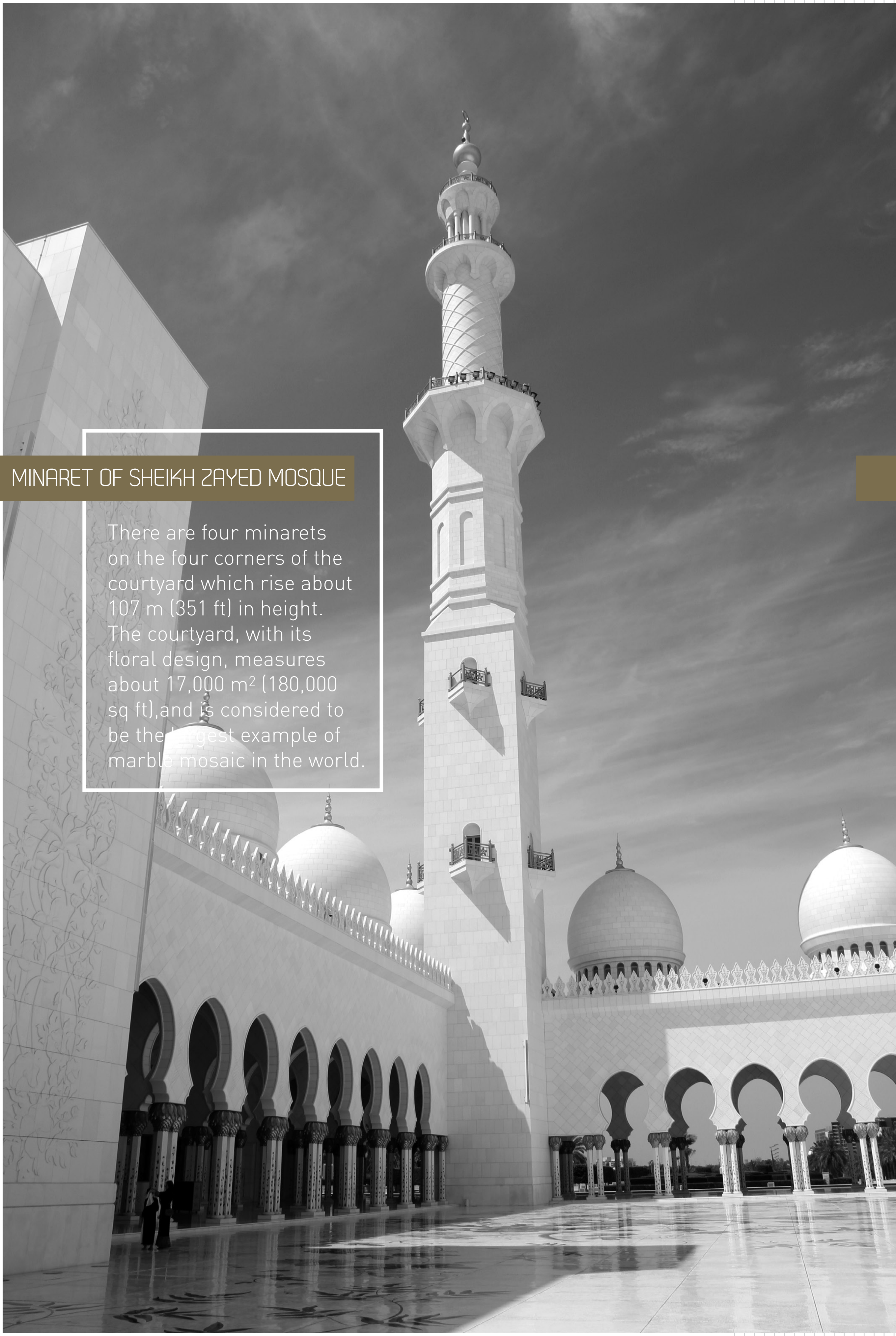
The National Investor

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



MINARET OF SHEIKH ZAYED MOSQUE

There are four minarets on the four corners of the courtyard which rise about 107 m (351 ft) in height. The courtyard, with its floral design, measures about 17,000 m² (180,000 sq ft),and is considered to be the largest example of marble mosaic in the world.

BOARD MEMBERS 2014/15

Abdullah M. Mazrui
Chairman

Mohammed Abdulla Alqubaisi
Vice Chairman

Yusuf Sami Alami
Board Member

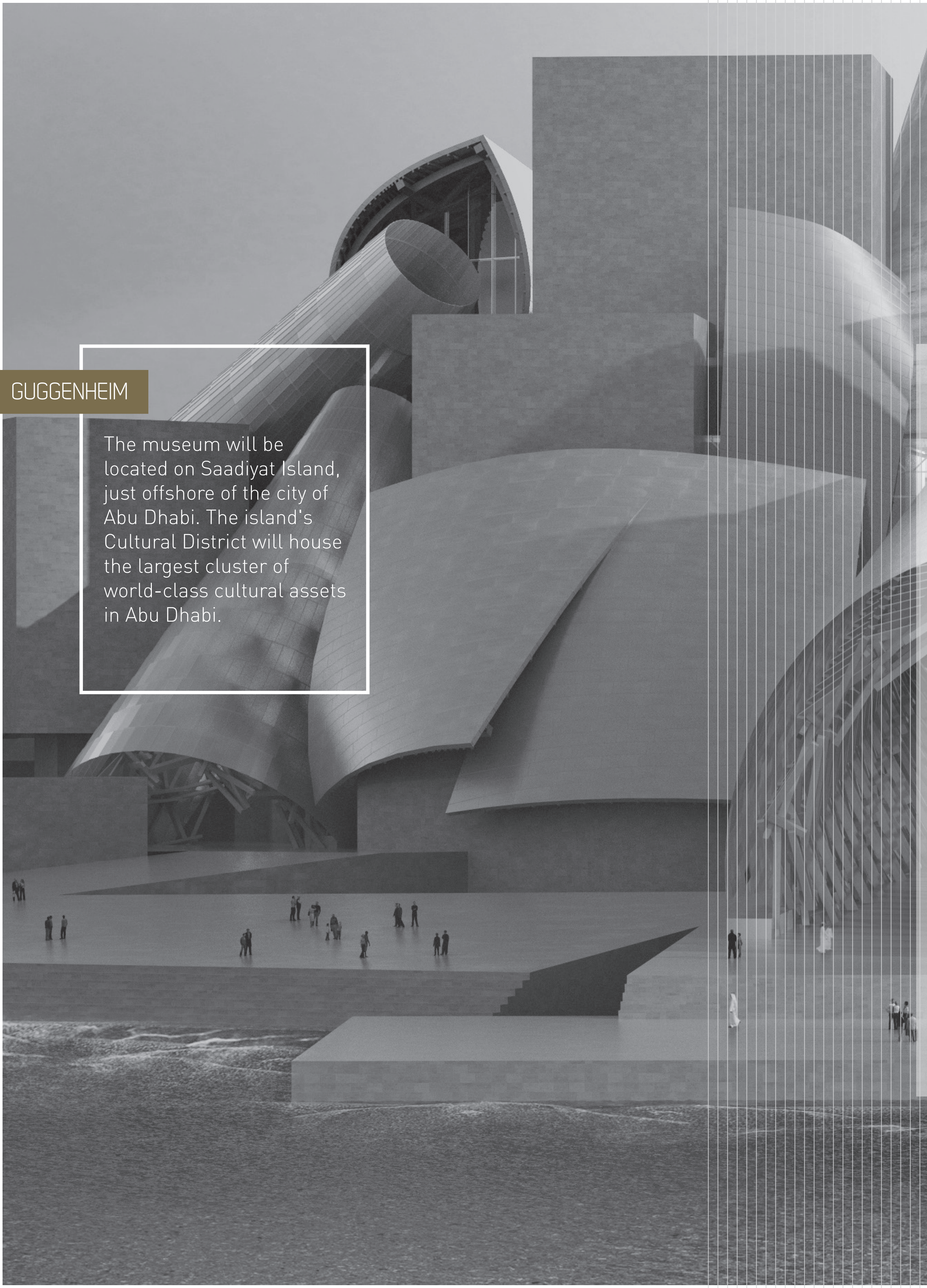
Fatima Obeid Al Jaber
Board Member

Mohamad Mohamad Fadhel Al Hamli
Board Member

Saeed Al Masoud
Board Member

Mohamad Rashid Al Naseri
Board Member

Abubaker Seddiq Alkhoori
Board Member



GUGGENHEIM

The museum will be located on Saadiyat Island, just offshore of the city of Abu Dhabi. The island's Cultural District will house the largest cluster of world-class cultural assets in Abu Dhabi.

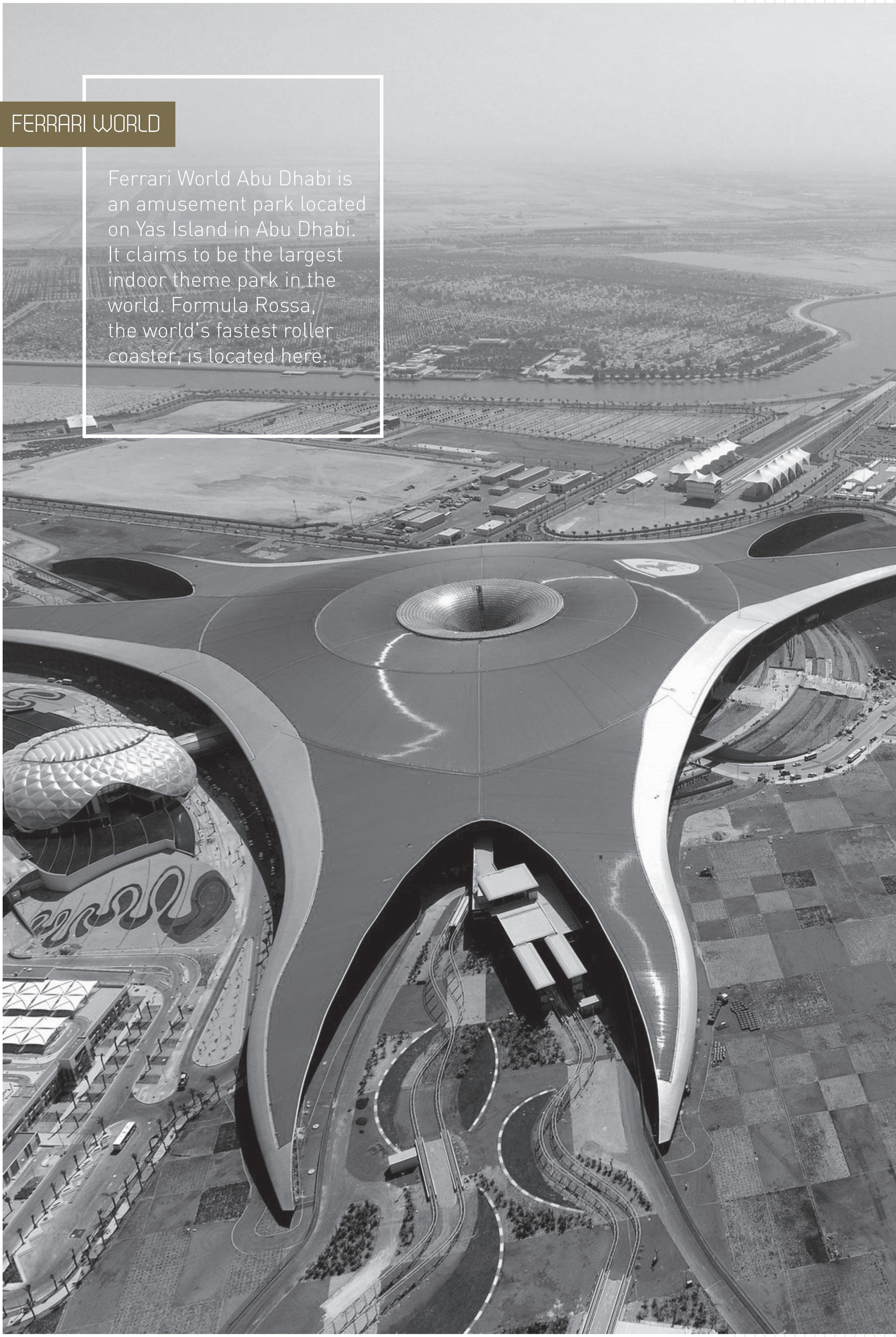
CONTENT

FINANCIAL STATEMENTS

the national investor private joint stock company chairman's report and consolidated financial statements 31 march 2015

FERRARI WORLD

Ferrari World Abu Dhabi is an amusement park located on Yas Island in Abu Dhabi. It claims to be the largest indoor theme park in the world. Formula Rossa, the world's fastest roller coaster, is located here.



CHAIRMAN'S REPORT

Dear Fellow Shareholders,

When TNI was founded in 1994, we believed that a business dedicated to the principles of excellence and integrity would distinguish us from our competitors. We were committed to providing advice that was objective and independent.

As we mark our twentieth anniversary, our adherence to these principles has served us well. We have materially expanded our merchant banking business with more focus towards M&A, equity and capital markets as well as capital fundraising. Over the years, we have grown our asset management and private equity business lines, which now manage four flagship funds with around AED 416 million in total Assets under Management.

Much has changed since our founding in 1994, but our principles and priorities remain steadfast.

In this letter, we will highlight some of the important accomplishments of our Fiscal Year 2014'15, and provide our views on the opportunities that lie ahead.

Our Clients

Our approach is to work as a trusted senior advisor to top corporate officers, Board of Directors and owners of businesses, helping them to conceive and to implement strategies for enhancing shareholder value. Our talented team and client-first culture provided us with the opportunity to lead a consortium of prominent Abu Dhabi based investors in the acquisition of a 50% equity stake in National Catering Company Limited (NCC), one of the largest private sector industrial catering and facility management businesses in the UAE.

Our Shareholders

In November 2014, TNI became the first company to have been listed on Abu Dhabi Securities Exchange as a Private Joint Stock Company, PJSC. The Securities and Commodities Authority's initiative to allow listing of private companies was a significant step towards the development of the UAE capital markets, which is expected to bring further diversity to the ADX exchange.

We have a balanced set of businesses that complement each other through business cycles, coupled with a strong culture and enhanced risk management framework, which we believe has aligned our model with the UAE's regulatory body requirements.

Our Performance

Low oil prices and geo-political stress dominated headlines in the second half of our fiscal year. During this period, regional equity markets witnessed low volumes and valuations and investors became increasingly hesitant about putting their money at work until market conditions stabilized. Despite these challenges, we are particularly pleased that our Merchant Banking and Principal Investment businesses produced positive contributions to the bottom line. Unsurprisingly, this year was a very challenging one throughout this difficult climate for our asset management business. Investors and unit-holders re-examined their strategies and pulled out of regional markets. As a consequence, Asset Management's performance did not have any positive contribution to this year's bottom line.

We recorded full year revenues of AED 133.6 million while net income reached AED 15.7 million. Diligent control of costs has remained a top priority at TNI throughout the last 3 years and will continue to do so going forward. TNI's consolidated assets stood at AED 874 million, while total consolidated liabilities declined by 22% to reach AED 92.8 million. Our shareholders' equity declined by AED 33 million to reach AED 720 million after the dividends distribution last year.

We have taken decisive steps to emerge stronger from the prevalent market conditions, the Board of Directors and Executive Management team undertook a detailed strategic review process during their annual offsite meeting. This helped us design and embark on a clear new strategy to refocus our efforts on our profitable fee generating businesses and investing in sustainable recurring income streams in order to return to long term, sustainable profitability. We have already started implementation of our strategy and action plan and we expect to make material progress over the course of the next 2 to 3 years.

Needless to say, today we are well capitalized and backed with a liquid balance sheet, allowing us to move quickly and decisively to take advantage of investment opportunities around the region. The capital we deploy today are the seeds for future earnings.

Looking ahead

Looking ahead, we are building on a solid foundation for profitable growth. We remain committed to building shareholder value through quality revenue growth, continued enhancement of operating profitability, investment in our business, and the return of capital to shareholders.

On behalf of the Board of directors, I would like to thank you for your investment in TNI. I am optimistic about our future and confident in our ability to deliver lasting value to our shareholders.

A. Mazrui

Abdullah M.Mazrui

Chairman of the Board

CAPITAL GATE

Guinness World Records certified Capital Gate as the "World's furthest leaning man-made tower. Capital Gate is thought to be the Middle East's first building to use a diagrid.

INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2015

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 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and 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 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

19 MAY, 2015

Abu Dhabi

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2015

	Notes	**2015** AED'000	2014 AED'000
Fee and service income	3	**123,640**	95,282
Net (loss) income from investments carried at fair value through profit and loss	4	**(8,039)**	43,355
Dividend income from investments carried at fair value through other comprehensive income		**4,576**	2,595
Share of profit of associates	12	**1,766**	29,612
Share of (loss) profit of joint venture	13	**(8,826)**	2,004
Change in fair value of investment properties	14	**13,500**	(20,253)
Interest income	5	**3,285**	4,831
Other operating income	6	**3,731**	845
TOTAL OPERATING INCOME		**133,633**	158,271
Operating expenses	7	**(110,734)**	(101,481)
Settlement of legal claims		**(7,325)**	-
Reversal of impairment of property, fixtures and equipment	9	**21,719**	36,692
Amortisation of intangible asset		**(62)**	(69)
Depreciation	15	**(9,848)**	(8,427)
Interest expense	8	**(3,008)**	(4,370)
Impairment losses on trade receivables	16	**(480)**	(194)
TOTAL OPERATING EXPENSES		**(109,738)**	(77,849)
PROFIT FOR THE YEAR		**23,895**	80,422
Attributable to:			
Equity holders of the parent		**15,764**	68,709
Non-controlling interests		**8,131**	11,713
		23,895	80,422

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	2015 AED'000	2014 AED'000
Profit for the year	**23,895**	80,422
Other comprehensive (loss) income:		
Items that may not be reclassified to profit or loss in subsequent periods		
Net (loss) gain on financial assets measured at fair value through other comprehensive income	**(16,393)**	30,526
Directors' remuneration paid	**(3,613)**	-
Items that may not be reclassified to profit or loss in subsequent periods	**(20,006)**	30,526
Items that may be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive (loss) income	**(20,006)**	30,526
TOTAL COMPREHENSIVE INCOME	**3,889**	110,948
Attributable to:		
Equity holders of the parent	**(4,242)**	99,235
Non-controlling interests	**8,131**	11,713
	3,889	110,948

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	***31 March 2015 AED'000***	*31 March 2014 AED'000*
ASSETS			
Bank balances and cash	10	**192,423**	241,844
Investments carried at fair value through profit and loss	11	**150,248**	148,041
Investments carried at fair value through other comprehensive income	11	**115,615**	100,184
Amounts due from related parties	23	**635**	4,457
Investment in associates	12	**67,394**	88,342
Investment in joint venture	13	**5,550**	16,804
Investment properties	14	**90,000**	76,500
Intangible assets		**1,068**	1,130
Property, fixtures and equipment	15	**210,592**	195,072
Other assets	16	**40,815**	31,520
TOTAL ASSETS		**874,340**	903,894
LIABILITIES			
Term loans	17	**62,407**	74,309
Amounts due to related parties	23	**1,017**	1,248
Other liabilities	18	**29,443**	43,106
TOTAL LIABILITIES		**92,867**	118,663

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2015 [continued]

	Notes	*31 March 2015 AED'000*	*31 March 2014 AED'000*
EQUITY			
Share capital	19	**577,500**	577,500
Legal reserve	20	**58,096**	56,520
Statutory reserve	21	**49,673**	48,097
Cumulative changes in fair value		**1,302**	17,695
Proposed dividends		**-**	28,875
Proposed Board of Directors' remuneration		**-**	3,413
Retained earnings		**33,607**	21,195
Equity attributable to equity holders of the parent Company		**720,178**	753,295
Non-controlling interests		**61,295**	31,936
TOTAL EQUITY		**781,473**	785,231
TOTAL LIABILITIES AND EQUITY		**874,340**	903,894
Commitments and contingent liabilities	22	**108,692**	147,444

A. Mazrui

Mr. Abdullah Mazrui
CHAIRMAN

Mr. Yasser Geissah
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 26 form part of these consolidated financial statements.

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

	Share capital AED'000	Legal reserve AED'000	Statutory reserve AED'000	Cumulative changes in fair value AED'000
Balance at 1 April 2013 (restated)	577,500	53,667	45,244	(12,831)
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	30,526
Total comprehensive income for the year	-	-	-	30,526
Reclassification of provision for employees' shares-based payment scheme	-	-	-	-
Transfer to legal reserves (note 20)	-	2,853	-	-
Transfer to statutory reserves (note 21)	-	-	2,853	-
Proposed dividends	-	-	-	-
Proposed Board of Director's remuneration	-	-	-	-
Change in non-controlling interests	-	-	-	-
Balance at 31 March 2014	**577,500**	**56,520**	**48,097**	**17,695**
Balance at 1 April 2014	**577,500**	**56,520**	**48,097**	**17,695**
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	(16,393)
Total comprehensive income for the year	-	-	-	(16,393)
Transfer to legal reserves (note 20)	-	1,576	-	-
Transfer to statutory reserves (note 21)	-	-	1,576	-
Dividends paid	-	-	-	-
Change in non-controlling interests	-	-	-	-
Balance at 31 March 2015	**577,500**	**58,096**	**49,673**	**1,302**

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015 [continued]

Employees' share - based payment scheme AED'000	*Retained earnings (accumulated losses) AED'000*	*Proposed dividends AED'000*	*Proposed Board of Directors' remuneration AED'000*	*Attributable to equity holders of parent AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
4,528	(14,048)	-	-	654,060	6,194	660,254
-	68,709	-	-	68,709	11,713	80,422
-	-	-	-	30,526	-	30,526
-	68,709	-	-	99,235	11,713	110,948
(4,528)	4,528	-	-	-	-	-
-	(2,853)	-	-	-	-	-
-	(2,853)	-	-	-	-	-
-	(28,875)	28,875	-	-	-	-
-	(3,413)	-	3,413	-	-	-
-	-	-	-	-	14,029	14,029
-	**21,195**	**28,875**	**3,413**	**753,295**	**31,936**	**785,231**
-	**21,195**	**28,875**	**3,413**	**753,295**	**31,936**	**785,231**
-	15,764	-	-	15,764	8,131	23,895
-	(200)	-	(3,413)	(20,006)	-	(20,006)
-	15,564	-	(3,413)	(4,242)	8,131	3,889
-	(1,576)	-	-	-	-	-
-	(1,576)	-	-	-	-	-
-	-	(28,875)	-	(28,875)	-	(28,875)
-	-	-	-	-	21,228	21,228
-	**33,607**	**-**	**-**	**720,178**	**61,295**	**781,473**

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	Notes	2015 AED'000	2014 AED'000
OPERATING ACTIVITIES			
Profit for the year		**23,895**	80,422
Adjustments for:			
Depreciation	15	**9,848**	8,427
Amortisation of intangible assets		**62**	69
Share of profit of associates	12	**(1,766)**	(29,612)
Share of loss (profit) of joint venture	13	**8,826**	(2,004)
Write off of property, fixtures and equipment		**-**	55
Net loss (income) from investments carried at fair value through profit and loss		**8,039**	(43,355)
Reversal of impairment on property, fixtures and equipment	9	**(21,719)**	(36,692)
Change in fair value of investment properties	14	**(13,500)**	20,253
Impairment losses on trade receivables		**480**	194
Interest income	5	**(3,285)**	(4,831)
Interest expense	8	**3,008**	4,370
Dividend income from investments carried at fair value through other comprehensive income		**(4,576)**	(2,595)
		9,312	(5,299)
Working capital adjustments:			
Amounts due from related parties		**3,822**	1,807
Other assets		**(8,056)**	1,607
Amounts due to related parties		**(231)**	(5,422)
Other liabilities		**(13,663)**	9,675
Net cash (used in) from operating activities		**(8,816)**	2,368

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2015 [continued]

	Notes	2015 AED'000	2014 AED'000
INVESTING ACTIVITIES			
Purchase of property, fixtures and equipment	15	**(3,650)**	(2,167)
Net movement in investments carried at fair value through profit and loss		**(10,246)**	24,031
Purchase of investment in joint venture		**-**	(1,835)
Proceeds from liquidation of joint venture	13	**2,428**	-
Net movement in investments carried at fair value through other comprehensive income		**(34,559)**	9,164
Proceeds from partial sale of investment in associate		**25,447**	11,886
Term deposits		**(11,259)**	(8,924)
Purchase of intangible assets		**-**	(989)
Interest income received		**3,553**	3,555
Dividend income received		**2,592**	4,201
Net cash (used in) from investing activities		**(25,694)**	38,922
FINANCING ACTIVITIES			
Repayment of term loans		**(11,902)**	(9,156)
Dividends paid to equity holders of the parent		**(28,875)**	-
Directors' remuneration paid		**(3,613)**	-
Change in non controlling interest		**21,228**	14,029
Interest paid		**(3,008)**	(4,370)
Net cash (used in) from financing activities		**(26,170)**	503
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(60,680)**	41,793
Cash and cash equivalents at 1 April		**139,791**	97,998
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	**79,111**	139,791

The attached notes 1 to 26 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2015

1 ACTIVITIES

The National Investor Private Joint Stock Company (the "Company") is registered in Abu Dhabi, United Arab Emirates ("UAE") and is listed on the Abu Dhabi Securities Exchange 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 19 May 2015.

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:

	Ownership Country of incorporation	*%*	*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	96.90	MENA focused mutual fund
Consolidated Fund (2)	Bermuda	98.88	MENA hedge fund
MENA Real Estate Solutions LLC	U.A.E.	100	Real estate and consultancy
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

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 2015 [continued]

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:

	2015	*2014*
Mainland Management LLC	**33%**	33%

Accumulated balances of non-controlling interest

	2015	*2014*
	AED'000	*AED'000*
Mainland Management LLC	**52,212**	29,592

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

	2015	*2014*
	AED'000	*AED'000*
Mainland Management LLC	**6,620**	10,418

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

	2015	*2014*
	AED'000	*AED'000*
Total assets	**182,574**	134,198
Total liabilities	**25,938**	45,421
Total equity	**156,636**	88,777
Profit for the year	**19,859**	31,255

2.4 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 April 2014:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group.

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

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group did not have any derivatives during the current or prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

2.4 CHANGES IN ACCOUNTING POLICIES [continued]

IFRIC 21 Levies

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. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group.

Recoverable Amount Disclosure for Non-Financial Assets - Amendments IAS 36 Impairment of Assets

The standard requires the disclosure of information about the recoverable amount of impaired non-financial assets, if that amount is based on fair value less costs of disposal. They also require the disclosure of additional information about that fair value measurement. In addition, if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using the present value technique, the amendments also require the disclosure of the discount rates that have been used in the current and previous measurements. This amendment has not impact on the Group.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 April 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 April 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

2.5 FUTURE CHANGES IN ACCOUNTING POLICIES - STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of the issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

Regulatory Deferral Accounts - IFRS 14

This is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Financial Instruments - hedge accounting - Amendments to IFRS 9, IFRS 7 and IAS 39

The standard introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

2.5 FUTURE CHANGES IN ACCOUNTING POLICIES - STANDARDS ISSUED BUT NOT YET EFFECTIVE [continued]

Revenue from Contracts with Customers – IFRS 15

The standard was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

Joint Arrangements – Amendment IFRS 11

The amendment requires that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

IAS 16 and IAS 38 - Amendment

The amendment clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

IAS 16 and IAS 41 - Amendment

The standard changes the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Separate Financial Statements – Amendment IAS 27

This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

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 2015 [continued]

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.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

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

Date of recognition

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.

Initial measurement

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.

Subsequent measurement

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Financial instruments (continued)

Subsequent measurement (continued)

Financial assets measured at amortised cost continued
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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

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.

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:fd

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

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:

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

2.7 SIGNIFICANT ACCOUNTING JUDGEMENTS, EST MATES AND ASSUMPTIONS [continued]

Judgments (continued)
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.

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 24,030 thousand and AED 635 thousand respectively (2014: AED 18,837 thousand and AED 4,457 thousand), with provision for doubtful debts amounting to AED 6,324 thousand (2014: AED 5,888 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.

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 2015.

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 2015 amounted to AED 90,000 thousand (2014: AED 76,500 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 2015 will increase/decrease by AED 9,000 thousand.

3 FEE AND SERVICE INCOME

	2015	*2014*
	AED'000	*AED'000*
Consultancy and other service income	**58,436**	38,614
Revenue from hotel services	**35,349**	31,861
Investment banking fees	**13,483**	1,265
Asset management fees	**9,731**	17,953
Leasing and brokerage income	**6,641**	5,589
	123,640	95,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

4 NET (LOSS) INCOME FROM INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

	2015 AED'000	2014 AED'000
Realised gain (loss) on disposal	**13,899**	(107)
Unrealised (loss) gain on revaluation	**(26,790)**	38,027
Dividend and interest income	**4,852**	5,435
	(8,039)	43,355

5 INTEREST INCOME

	2015 AED'000	2014 AED'000
Time deposits	**3,248**	4,803
Call accounts	**37**	28
	3,285	4,831

6 OTHER OPERATING INCOME

	2015 AED'000	2014 AED'000
Reversal of provisions	-	122
Others	**3,731**	723
	3,731	845

7 OPERATING EXPENSES

	2015 AED'000	2014 AED'000
Staff costs	**61,743**	62,748
Professional fees	**4,028**	1,856
Rent expense	**2,759**	2,142
Others	**42,204**	34,735
	110,734	101,481

8 INTEREST EXPENSE

	2015 AED'000	2014 AED'000
Term loans	**2,488**	3,788
Others	**520**	582
	3,008	4,370

9 REVERSAL OF IMPAIRMENT OF PROPERTY, FIXTURES AND EQUIPMENT

	2015 AED'000	2014 AED'000
Reversal of impairment of property, fixtures and equipment (note 15)	**(21,719)**	(36,692)

In 2013, 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 were 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 21,719 thousand (2014: AED 36,692 thousand). The recoverable amounts were based on a value in use calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

10 CASH AND CASH EQUIVALENTS

	2015	2014
	AED'000	AED'000
Cash in hand	**171**	69
Call and current accounts with banks	**57,949**	43,639
Term deposits	**134,303**	198,136
Bank balances and cash	**192,423**	241,844
Less: bank deposits with maturities over three months	**(113,312)**	(102,053)
	79,111	139,791

Bank deposits carry an interest rate ranging from 0.75% to 4.9% (31 March 2014: 0.86% to 3.75%) per annum.

11 INVESTMENTS CARRIED AT FAIR VALUE

	2015	2014
	AED'000	AED'000
Investments carried at fair value through profit and loss		
Listed equity securities	**107,813**	110,548
Investment in participatory notes	**42,435**	34,965
Investment in debt securities	**-**	2,528
	150,248	148,041
Investments carried at fair value through other comprehensive income		
Founder shares	**33,518**	39,241
Listed equity securities	**28,238**	41,891
Equity funds	**10,859**	19,052
Unlisted equity securities	**43,000**	-
	115,615	100,184

12 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.	27.5	Asset management
Growth Capital Fund	Cayman Island	35.7	Asset management

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

12 INVESTMENT IN ASSOCIATES [continued]

Summarised financial information of the associates is set out below.

	2015 AED'000	2014 AED'000
Associates' statement of financial position		
Assets	**216,962**	261,535
Liabilities	**(4,447)**	(5,707)
Net assets	**212,515**	255,828
Group's share of net assets	**67,394**	88,342
Carrying amount of investment in associates	**67,394**	88,342

	2015 AED'000	2014 AED'000
Associates' revenue and profit:		
Revenue	**9,825**	104,228
(Loss) profit for the year	**(1,012)**	87,931
Group's share of profit for the year	**1,766**	29,612

As of 31 March 2015, the Group's share of the contingent liabilities of associates (corporate guarantees) amounted to AED nil (2014: AED Nil).

13 INVESTMENT IN JOINT VENTURE

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

	Country of incorporation	Ownership interest% 2015	Ownership interest% 2014	Principal activity
Knightsbridge Global Security LLC	U.A.E.	50	50	Providing security, guarding and surveillance services for buildings and other properties.
Etqaan Shariah Fund	Cayman Islands	-	42.5	Asset management

As per the Board of Directors' resolution of Etqaan Shariah Fund dated 31 August 2014, the Fund was fully liquidated and the Group's proceeds from liquidation of the Fund amounted to AED 2.4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

13 INVESTMENT IN JOINT VENTURE [continued]

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

	2015 AED'000	2014 AED'000
Joint venture's statement of financial position		
Assets	**22,105**	27,043
Liabilities	**(26,505)**	(8,018)
Net assets	**(4,400)**	19,025
Group's share of net assets	**(2,200)**	9,054
Goodwill on acquisition	**7,750**	7,750
Carrying amount of investment in joint venture	**5,550**	16,804

	2015 AED'000	2014 AED'000
Joint venture's revenue and profit:		
Revenue	**47,190**	46,335
(Loss) profit for the year	**(17,419)**	3,883
Group's share of (loss) profit for the year	**(8,826)**	2,004

14 INVESTMENT PROPERTIES

	2015 AED'000	2014 AED'000
Opening balance	**76,500**	96,753
Change in fair value	**13,500**	(20,253)
	90,000	76,500

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

14 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*
2015					
Investment properties	18 February 2015	**90,000**	**-**	**-**	**90,000**
2014					
Investment properties	2 April 2014	76,500	-	-	76,500

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

	Valuation technique	***Significant unobservable inputs***	***Range***
Plot C13 - Residential	Residual method	Finance costs	7%
		Construction time frame	30 months
		Gross development area	280,989 sq ft.
		Rent	AED 80,000 studio / AED 115,000 1 room / AED 140,000 2 room / AED 180,000 3 room apartment
Plot C7 - Commercial	Residual method	Finance costs	7%
		Construction time frame	30 months
		Gross development area	305,495 sq ft.
		Net lettable area	244,395 sq ft.
		Rent	AED 130/sq ft.

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 approach works on the premise that the price a hypothetical purchaser will pay for the land or development opportunity is the surplus remaining after the costs of construction, purchase and sale costs, the cost of finance and an allowance for the profit required to undertake the project have been deducted from the sales price of the completed development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

15 PROPERTY, FIXTURES AND EQUIPMENT

	Freehold land AED'000	*Leasehold improvements AED'000*	*Buildings AED'000*
2015			
Cost:			
At 1 April 2014	61,506	5,802	186,207
Additions	-	907	-
Disposals	-	-	-
Write offs	-	(1,839)	-
At 31 March 2015	**61,506**	**4,870**	**186,207**
Accumulated depreciation:			
At 1 April 2014	-	4,733	25,651
Charge for the year	-	302	6,566
Disposals and write offs	-	(1,839)	-
At 31 March 2015	**-**	**3,196**	**32,217**
Net carrying amount before impairment:			
At 31 March 2015	**61,506**	**1,674**	**153,990**
Impairment:			
At 1 April 2014	9,705	139	27,116
Amounts reversed during the year (note 9)	(6,050)	(79)	(14,959)
At 31 March 2015	**3,655**	**60**	**12,157**
Net carrying amount after impairment:			
At 31 March 2015	**57,851**	**1,614**	**141,833**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Total AED'000
9,195	24,125	1,170	288,005
423	2,177	143	3,650
-	(6)	-	(6)
(219)	(5,160)	-	(7,218)
9,399	**21,136**	**1,313**	**284,431**
6,029	16,667	688	53,768
1,090	1,776	114	9,848
(218)	(5,166)	-	(7,223)
6,901	**13,277**	**802**	**56,393**
2,498	**7,859**	**511**	**228,038**
1,303	849	53	39,165
(308)	(309)	(14)	(21,719)
995	**540**	**39**	**17,446**
1,503	**7,319**	**472**	**210,592**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

15 PROPERTY, FIXTURES AND EQUIPMENT [continued]

	Freehold land AED'000	*Leasehold improvements AED'000*	*Buildings AED'000*
2014			
Cost:			
	61,506	5,668	186,207
Additions	-	134	-
Disposals	-	-	-
Write offs	-	-	-
At 31 March 2014	61,506	5,802	186,207
Accumulated depreciation:			
At 1 April 2013	-	4,578	20,119
Charge for the year	-	155	5,532
Disposals and write offs	-	-	-
At 31 March 2014	-	4,733	25,651
Net carrying amount before impairment:			
At 31 March 2014	61,506	1,069	160,556
Impairment:			
At 1 April 2013	19,452	271	52,528
Amounts reversed during the year (note 9)	(9,747)	(132)	(25,412)
At 31 March 2014	9,705	139	27,116
Net carrying amount after impairment:			
At 31 March 2014	51,801	930	133,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

Furniture and fixtures AED'000	*Office equipment AED'000*	*Motor vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
8,184	23,301	1,352	55	286,273
1,011	890	132	-	2,167
-	(66)	(314)	-	(380)
-	-	-	(55)	(55)
9,195	24,125	1,170	-	288,005
5,544	14,568	912	-	45,721
485	2,165	90	-	8,427
-	(66)	(314)	-	(380)
6,029	16,667	688	-	53,768
3,166	7,458	482	-	234,237
2,022	1,496	88	-	75,857
(719)	(647)	(35)	-	(36,692)
1,303	849	53	-	39,165
1,863	6,609	429	-	195,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

16 OTHER ASSETS

	2015	2014
	AED'000	*AED'000*
Trade receivables	**24,030**	18,837
Prepaid expenses	**7,975**	8,410
Accrued income	**5,644**	3,931
Due from employees	**1,732**	1,559
Deferred project costs	**18,964**	18,964
Others	**7,758**	4,671
	66,103	56,372
Less: allowance for doubtful debts	**(6,324)**	(5,888)
Less: provision for deferred project costs*	**(18,964)**	(18,964)
	40,815	31,520

*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 2015, trade receivables at nominal value of AED 6,324 thousand (2014: AED 5,888 thousand) were impaired, and fully provided for.

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

	2015	2014
	AED'000	*AED'000*
Balance at the beginning of the year	**5,888**	5,873
Charge for the year	**480**	194
Reversal during the year	**(44)**	(179)
Balance at the end of the year	**6,324**	5,888

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*
2015	**17,706**	**-**	**6,611**	**4,954**	**2,414**	**3,727**
2014	12,949	-	4,952	4,150	1,340	2,507

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 2015 [continued]

17 TERM LOANS

	2015 AED'000	2014 AED'000
Term loan 1	**57,674**	69,576
Term loan 2	**4,733**	4,733
	62,407	74,309

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. In the prior year, the outstanding amount was converted into additional capital contribution to Mainland Management and subsequently an amount of AED 4.7 million was lent to Mainland Management. Interest is charged at 4% per annum (31 March 2014: 4% per annum).

18 OTHER LIABILITIES

	2015 AED'000	2014 AED'000
Trade payables	**6,553**	10,082
Staff payables	**10,224**	16,345
Provision for end of service benefits	**9,794**	12,704
Accrued expenses	**2,872**	3,975
	29,443	43,106

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

	2015 AED'000	2014 AED'000
Balance at the beginning of the year	**12,704**	10,972
Provided during the year	**2,770**	3,694
Payments during the year	**(4,048)**	(1,962)
Reversal of provision	**(1,482)**	-
Transfer to due to employees	**(150)**	-
Balance at end of the year	**9,794**	12,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

19 SHARE CAPITAL

	2015 AED'000	2014 AED'000
Authorised, issued and fully paid		
57,750 thousand shares (31 March 2014: 57,750 thousand shares) of AED 10 each (31 March 2014: AED 10 each)	**577,500**	577,500

20 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.

21 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.

22 COMMITMENTS AND CONTINGENT LIABILITIES

	2015 AED'000	2014 AED'000
Corporate guarantees	**70,720**	85,006
Bank guarantees	**35,868**	31,243
Capital commitments	**2,104**	31,195
	108,692	147,444

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 (2014: AED nil).

During the current year, one of the Group companies entered into a settlement agreement with a third party relating to a dispute over non-compliance of certain contractual terms in connection with the sale of an off-plan development in Dubai. The Group agreed to settle the claim with the third party for an amount of AED 6.8 million which was paid during the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

23 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:

	2015 AED'000	2014 AED'000
Amounts due from related parties:		
Associates	**335**	1,010
Funds under management	**10**	18
Others (entities under common control)	**290**	3,429
	635	4,457
Amounts due to related parties:		
Funds under management	**-**	10
Others (entities under common control)	**1,017**	1,238
	1,017	1,248
Term loans		
Loan obtained from Finance House (note 17)	**4,733**	4,733

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

	2015 AED'000	2014 AED'000
Fees earned from related parties	**8,546**	17,707
Guarantees issued on behalf of the Company	**106,588**	88,128
Short term benefits of key management personnel (salaries, benefits and bonuses)	**12,766**	11,176
Interest expense on loan obtained from Finance House	**192**	409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

24 FIDUCIARY ACTIVITIES

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

	2015 AED'000	2014 AED'000
Shares (at market value)	**47,649**	38,151
Bank balances	**3,992**	8,546

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

25 RISK MANAGEMENT

25.1 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

25 RISK MANAGEMENT [continued]

25.1 Introduction [continued]

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.

25.2 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 2015.

	Effect on profit AED'000
2015	
+100 increase in basis point	**1,118**
-100 decrease in basis point	**(1,118)**
2014	
+100 increase in basis point	1,413
-100 decrease in basis point	(1,413)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

25 RISK MANAGEMENT [continued]
25.2 Market risk [continued]

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 2015***	*Impact on net income 2014*
	%	***AED'000***	*AED'000*
Investments carried at fair value through profit or loss			
Abu Dhabi Securities Market Index	5%	**153**	963
Dubai Financial Market Index	5%	**6**	676
Other markets	5%	**5,232**	3,888

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) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows.

	Assumed level of change	***Impact on equity 2015***	*Impact on equity 2014*
	%	***AED'000***	*AED'000*
Investments carried at fair value through other comprehensive income			
Abu Dhabi Securities Market Index	5%	**1,676**	1,962
Dubai Financial Market Index	5%	**1,412**	2,094

25.3 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 2015	*31 March 2014*
	AED'000	*AED'000*
Balances with banks	**192,423**	241,844
Amounts due from related parties	**635**	4,457
Other assets	**32,840**	23,110
	225,898	269,411

ZAYED NATIONAL MUSEUM

Inspired by the dynamic of flight and the feathers of a falcon, the design reflects Sheikh Zayed's love of falconry and creates an iconic symbol for the nation. Cutting-edge design, materials and construction methods are combined to create a spectacular addition to the Saadiyat Island skyline.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

25 RISK MANAGEMENT [continued]

25.4 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 2015 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	79,311	113,112	-	-	192,423
Amounts due from related parties	568	44	23	-	635
Investments, including associates and joint venture	150,248	-	188,559	-	338,807
Other assets	31,393	1,447	-	-	32,840
Financial assets	261,520	114,603	188,582	-	564,705
Non-financial assets	7,975	-	100,362	201,298	309,635
Total assets	**269,495**	**114,603**	**288,944**	**201,298**	**874,340**
LIABILITIES					
Term loans	4,231	10,251	64,942	-	79,424
Amounts due to related parties	1,017	-	-	-	1,017
Other liabilities	9,425	10,224	9,794	-	29,443
Total liabilities	**14,673**	**20,475**	**74,736**	**-**	**109,884**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

25 RISK MANAGEMENT [continued]

25.4 Liquidity risk and funding management

The maturity profile of the financial assets and liabilities at 31 March 2014 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	139,791	102,053	-	-	241,844
Amounts due from related parties	2,162	204	2,091	-	4,457
Investments, including associates and joint venture	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	**36,035**	**23,321**	**66,948**	**-**	**126,304**

25.5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2015 [continued]

25 RISK MANAGEMENT [continued]

25.6 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 2015 and 31 March 2014.

26 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 2015:

	Level 1	*Level 2*	*Level 3*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
FINANCIAL ASSETS				
Carried at fair value through profit or loss				
Quoted equities	107,813	-	-	107,813
Unquoted securities	-	42,435	-	42,435
	107,813	**42,435**	**-**	**150,248**
Carried at fair value through other comprehensive income				
Quoted equities	61,756	-	-	61,756
Unquoted equities	-	10,859	43,000	53,859
	61,756	**10,859**	**43,000**	**115,615**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2015 [continued]

26 FAIR VALUE OF FINANCIAL INSTRUMENTS [continued]

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	*Level 2*	*Level 3*	*Total*
	AED'000	*AED'000*	*AED'000*	*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**

Transfers between categories

During the reporting period ended 31 March 2015 and 31 March 2014, 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.

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