TNI ANNUAL REPORT

2015
2016

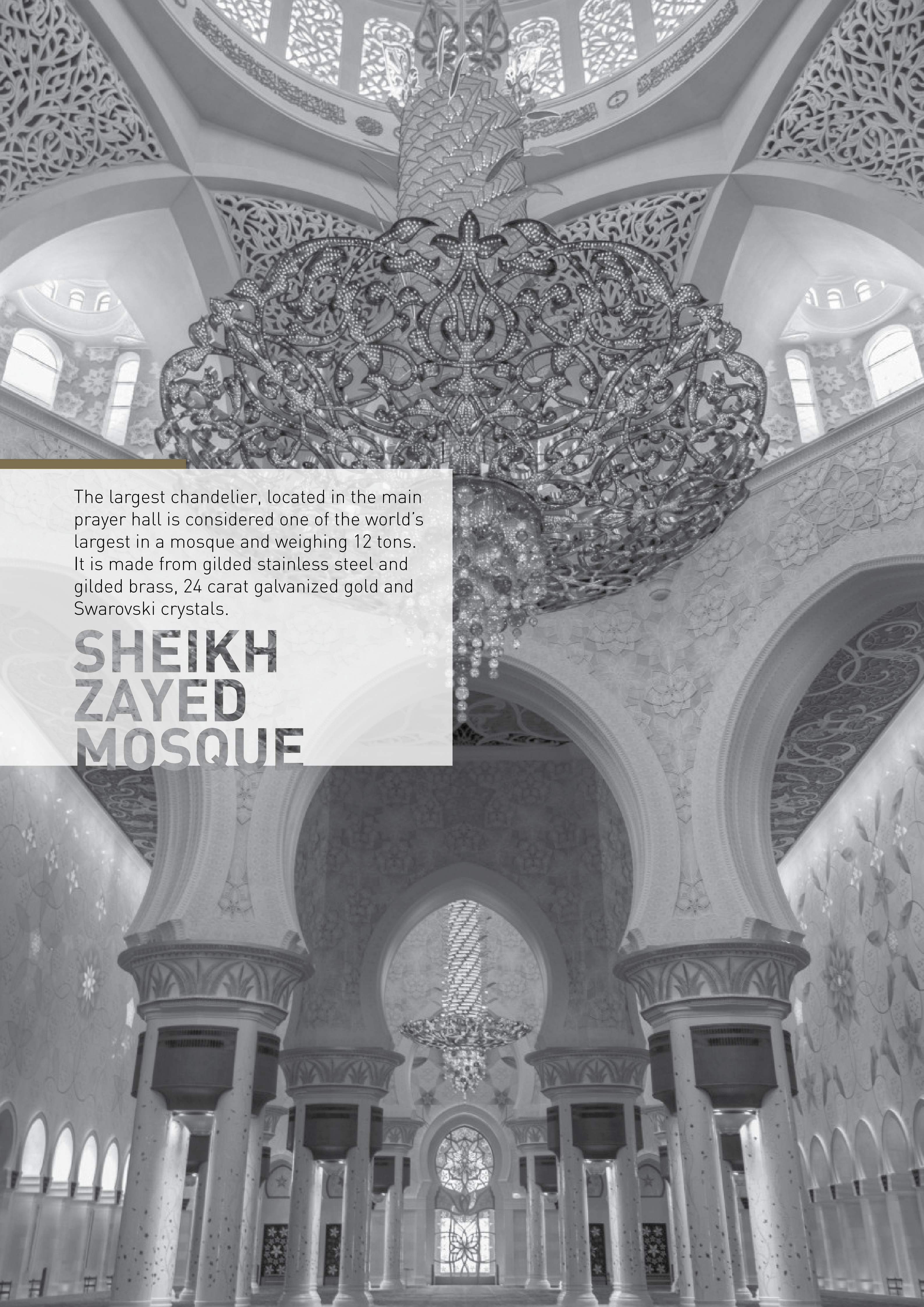
المستثمر الوطني
The National Investor

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



The largest chandelier, located in the main prayer hall is considered one of the world's largest in a mosque and weighing 12 tons. It is made from gilded stainless steel and gilded brass, 24 carat galvanized gold and Swarovski crystals.

SHEIKH ZAYED MOSQUE

BOARD MEMBERS 2015/16

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

Capital Gate is a skyscraper in Abu Dhabi adjacent to the Abu Dhabi National Exhibition Centre designed with a striking lean.
At 160 m (520 ft) and 35 stories, it is one of the tallest buildings in the city and inclines 18° to the west.

CAPITAL GATE

FINANCIAL STATEMENTS

the national investor private joint stock company chairman's report and consolidated financial statements 31 march 2016

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Burj Khalifa stands as an anchor to the world's most prestigious square kilometer – Downtown Dubai which is also described as "The Centre of Now".

BURJ KHALIFA

CHAIRMAN'S REPORT

Dear Shareholders, clients and colleagues,

2015 was a year of significant changes for TNI. The financial services industry witnessed yet another year of extraordinary volatility and significant changes to the competitive landscape. TNI operates in a cyclical industry and was therefore affected by what is happening in the region.

Markets have struggled to digest the dramatic shift in oil prices over the past 18 months. Producers, exporters, equipment suppliers and other sector participants have suffered. Markets are also weighed down by oil-producing nations and reducing expenditures to meet the unexpected drop in oil prices.

Against this challenging backdrop of 2015, we recorded full year consolidated revenues of AED 118.8 million. Net losses attributed to TNI reached AED 31.8 million after accounting for the losses from discontinued operations. TNI's consolidated assets stood at AED 811.9 million. Shareholder's equity dropped by 7% to close the year at AED 671.4 million.

Our negative performance overshadows the solid performance in the majority of our income generating assets; this is evident from record operating revenues reported by Colliers, Mafraq Hotel and National Catering Company during the fiscal year 2015'16. The volatility and correlation across asset classes reached high levels, and lower equity market valuations affected our top line revenues. Consequently, and after careful consideration by the Board of Directors, we took decisive measures to reduce earnings volatility by winding down two asset management funds (Mena UCITS and Mena Hedge) that no longer fit with our strategic direction. Such funds, when originally established, were designed in a manner that would attract international institutional investors. Further, certain restrictions imposed on the funds' investment strategy limited the fund manager's ability to recalibrate and exit loss making positions. Therefore, when market conditions deteriorate, as they did drastically last year, our seed money performance suffers as a direct result of the funds' respective performances.

Another significant component of our negative performance was the loss incurred from the disposal of our share in a Joint Venture that we entered into back in 2012. The disposal itself combined with the impact of writing down the investment's remaining carrying value to Zero accounted for approximately AED 12 million of the reported losses.

To this end, our business will have to be right-sized in order to substantially lower our costs and break-even point. We will maintain our focus on lowering the fixed-cost base of all our businesses. Cost competitiveness and flexibility are imperatives for our company in today's rapidly evolving operating environment. We are therefore applying a disciplined approach to cost management across the group , we have already made considerable progress on reducing our cost base and thanks to the better cross divisional collaboration, we are able to further accelerate the pace of targeted cost savings. A variety of efficiency and redundancy programs have already been geared up to make this happen in the first half of the new fiscal year.

On a segmental level, poor investor sentiment and a persistent disconnect between buyer and seller expectations translated into a difficult year for TNI's merchant banking division. Unlike last year, this division didn't contribute positively to the bottom line. The division focused on more M&A advisory and private placement transactions. In Asset Management, we are reengineering our flagship Blue Chip Fund platform to restore operating leverage in response to the pressure on asset valuations which continue to impact revenues across all publicly listed companies in the UAE.

Our business model remains valid. The capital markets remain essential to the functioning of the global financial system. We will better manage our balance sheet to generate sustainable recurring and steady income streams from private equity and real estate asset classes while leveraging on investment banking relationships in the region. Furthermore, the same fundamental long-term trends continue to support the investment management business.

In conclusion, and while we acknowledge our loss in 2015, we are absolutely determined to take all necessary measures to restore TNI to the path of profitability. We are convinced that the decisive actions I have described, will lead us to building a healthy and profitable business with stable and recurring revenues, strong free cash flow and a more liquid balance sheet. As macroeconomic factors, market conditions and investor sentiment improve in 2016'17, the upside will be amplified in TNI's financial performance.

On behalf of the Board of Directors, I would like to thank you for your continued trust in TNI. I'm optimistic about our future and confident in our ability to deliver value to our shareholders.

A. Mazrui

Abdullah M.Mazrui
Chairman of the Board

INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2016

Report on the Consolidated Financial Statements

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 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2016, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2016 [continued]

Report on Other Legal and Regulatory Requirements

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

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

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

iii) The Group has maintained proper books of account;

iv) The consolidated financial information included in the Chariman's report is consistent with the books of account and records of the Company;

v) investments in shares and stocks are included in note 11 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 March 2016;

vi) Note 23 reflects the disclosures relating to related party transactions and the terms under which they were conducted;

vii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended 31 March 2016, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum of Association which would materially affect its activities or its financial position as at 31 March 2016.

Ernst & Young

Signed by:

Raed Ahmad
Partner

Ernst & Young
Registration No 811

25 May 2016

Abu Dhabi

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2016

	Notes	*2016 AED'000*	*2015 AED'000*
CONTINUING OPERATIONS			
Fee and service income	3	**118,815**	122,110
Net income (loss) from investments carried at fair value through profit and loss	4	**3,781**	(805)
Dividend income from investments carried at fair value through other comprehensive income		**5,284**	4,576
Share of profit of associates	12	**1,013**	1,766
Share of loss of joint venture	13	**(5,508)**	(8,826)
Loss on disposal of joint venture	13	**(6,699)**	-
Change in fair value of investment properties	14	-	13,500
Interest income	5	**4,157**	3,233
Other operating income	6	**8,577**	3,731
TOTAL OPERATING INCOME		**129,420**	139,285
Operating expenses	7	**(120,384)**	(101,331)
Settlement of legal claims		-	(7,325)
Reversal of impairment of property, fixtures and equipment	9	-	21,719
Amortisation of intangible asset		**(57)**	(62)
Depreciation	15	**(10,510)**	(9,831)
Interest expense	8	**(2,646)**	(2,918)
Impairment losses on trade receivables	16	**(241)**	(480)
TOTAL OPERATING EXPENSES		**(133,838)**	(100,228)
(LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(4,418)**	39,057
DISCONTINUED OPERATIONS			
Loss from discontinued operations	25	**(31,694)**	(15,162)
(LOSS) PROFIT FOR THE YEAR		**(36,112)**	23,895
Attributable to:			
Equity holders of the parent		**(31,837)**	15,764
Non-controlling interests		**(4,275)**	8,131
		(36,112)	23,895

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	2016 **AED'000**	2015 AED'000
(Loss) profit for the year	**(36,112)**	23,895
Other comprehensive (loss) income:		
Items that may not be reclassified to profit or loss in subsequent periods		
Net loss on financial assets measured at fair value through other comprehensive income	**(16,290)**	(16,393)
Directors' remuneration paid	**(650)**	(3,613)
Items that may not be reclassified to profit or loss in subsequent periods	**(16,940)**	(20,006)
Items that may be reclassified to profit or loss in subsequent periods	**-**	-
Other comprehensive loss	**(16,940)**	(20,006)
TOTAL COMPREHENSIVE (LOSS) INCOME	**(53,052)**	3,889
Attributable to:		
Equity holders of the parent	**(48,777)**	(4,242)
Non-controlling interests	**(4,275)**	8,131
	(53,052)	3,889

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2016

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Bank balances and cash	10	**176,962**	192,423
Investments carried at fair value through profit and loss	11	**18,312**	150,248
Investments carried at fair value through other comprehensive income	11	**128,735**	115,615
Amounts due from related parties	23	**55,427**	635
Investment in associates	12	**61,819**	67,394
Investment in joint venture	13	-	5,550
Investment properties	14	**112,197**	90,000
Intangible assets		**1,255**	1,068
Property, fixtures and equipment	15	**214,115**	210,592
Other assets	16	**38,946**	40,815
		807,768	874,340
Assets classified as held for sale	25	**4,145**	-
TOTAL ASSETS		**811,913**	874,340
LIABILITIES			
Term loans	17	**50,748**	62,407
Amounts due to related parties	23	**48**	1,017
Other liabilities	18	**33,980**	29,443
		84,776	92,867
Liabilities directly associated with assets classified as held for sale	25	**296**	-
TOTAL LIABILITIES		**85,072**	92,867

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2016 [continued]

	Notes	2016 AED'000	2015 AED'000
EQUITY			
Share capital	19	**577,500**	577,500
Legal reserve	20	**58,096**	58,096
Statutory reserve	21	**49,673**	49,673
Cumulative changes in fair value		**(14,988)**	1,302
Retained earnings		**1,120**	33,607
Equity attributable to equity holders of the parent Company		**671,401**	720,178
Non-controlling interests		**55,440**	61,295
TOTAL EQUITY		**726,841**	781,473
TOTAL LIABILITIES AND EQUITY		**811,913**	874,340
Commitments and contingent liabilities	22	**83,370**	108,692

A. Mazrui

Mr. Abdullah Mazrui
CHAIRMAN

Mr. Yasser Geissah
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016

	Share capital AED'000	*Legal reserve AED'000*	*Statutory reserve AED'000*	*Cumulative changes in fair value AED'000*	*Retained earnings AED'000*
Balance at 1 April 2014	577,500	56,520	48,097	17,695	21,195
Profit for the year	-	-	-	-	15,764
Other comprehensive income	-	-	-	(16,393)	(200)
Total comprehensive income for the year	-	-	-	(16,393)	15,564
Transfer to legal reserves (note 20)	-	1,576	-	-	(1,576)
Transfer to statutory reserves (note 21)	-	-	1,576	-	(1,576)
Dividends paid	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-
Balance at 31 March 2015	**577,500**	**58,096**	**49,673**	**1,302**	**33,607**
Balance at 1 April 2015	**577,500**	**58,096**	**49,673**	**1,302**	**33,607**
Loss for the year	-	-	-	-	(31,837)
Other comprehensive income	-	-	-	(16,290)	(650)
Total comprehensive loss for the year	-	-	-	(16,290)	(32,487)
Change in non-controlling interests	-	-	-	-	-
Balance at 31 March 2016	**577,500**	**58,096**	**49,673**	**(14,988)**	**1,120**

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016 [continued]

	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
	28,875	3,413	753,295	31,936	785,231
	-	-	15,764	8,131	23,895
	-	(3,413)	(20,006)	-	(20,006)
	-	(3,413)	(4,242)	8,131	3,889
	-	-	-	-	-
	-	-	-	-	-
	(28,875)	-	(28,875)	-	(28,875)
	-	-	-	21,228	21,228
	-	**-**	**720,178**	**61,295**	**781,473**
	-	**-**	**720,178**	**61,295**	**781,473**
	-	-	(31,837)	(4,275)	(36,112)
	-	-	(16,940)	-	(16,940)
	-	-	(48,777)	(4,275)	(53,052)
	-	-	-	(1,580)	(1,580)
	-	**-**	**671,401**	**55,440**	**726,841**

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Notes	2016 AED'000	2015 AED'000
OPERATING ACTIVITIES			
(Loss) profit for the year		**(36,112)**	23,895
Adjustments for:			
Depreciation	15	**10,557**	9,848
Amortisation of intangible assets		**57**	62
Share of profit of associates	12	**(1,013)**	(1,766)
Share of loss of joint venture	13	**5,508**	8,826
Loss on disposal of joint venture	13	**6,699**	-
Net (income) loss from investments carried at fair value through profit and loss		**(740)**	8,039
Reversal of impairment on property, fixtures and equipment	9	**-**	(21,719)
Change in fair value of investment properties	14	**-**	(13,500)
Impairment losses on trade receivables		**241**	480
Interest income		**(4,209)**	(3,285)
Interest expense	8	**2,646**	3,008
Dividend income from investments carried at fair value through other comprehensive income		**(5,284)**	(4,576)
		(21,650)	9,312
Working capital adjustments:			
Amounts due from related parties		**(54,879)**	3,822
Other assets		**1,689**	(8,056)
Amounts due to related parties		**(969)**	(231)
Other liabilities		**4,833**	(13,663)
Net cash used in operating activities		**(70,976)**	(8,816)

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2016 [continued]

	Notes	2016 AED'000	2015 AED'000
INVESTING ACTIVITIES			
Purchase of property, fixtures and equipment, net	15	**(14,139)**	(3,650)
Purchase of investment properties	14	**(22,197)**	-
Net movement in investments carried at			
fair value through profit and loss		**132,676**	(10,246)
Proceeds from liquidation of joint venture		**-**	2,428
Cash paid on disposal of joint venture	13	**(6,657)**	-
Net movement in investments carried at			
fair value through other comprehensive income		**(30,217)**	(34,559)
Proceeds from partial redemption of investment in associate		**7,396**	25,447
Term deposits		**36,561**	(11,259)
Purchase of intangible assets		**(244)**	-
Interest income received		**3,836**	3,553
Dividend income received		**5,284**	2,592
Net cash from (used in) investing activities		**112,299**	(25,694)
FINANCING ACTIVITIES			
Repayment of term loans		**(11,659)**	(11,902)
Dividends paid to equity holders of the parent		-	(28,875)
Directors' remuneration paid		**(650)**	(3,613)
Change in non controlling interest		**(1,580)**	21,228
Interest paid		**(2,646)**	(3,008)
Net cash used in financing activities		**(16,535)**	(26,170)
NET INCREASE (DECREASE) IN CASH AND			
CASH EQUIVALENTS		**24,788**	(60,680)
Cash and cash equivalents at 1 April		**79,111**	139,791
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	**103,899**	79,111

The attached notes 1 to 28 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016

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. The Federal Law No. 2 of 2015 concerning commercial companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The Company is currently assessing the impact of the new law and expects to be fully compliant on or before the end of the grace period on 30 June 2016. 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 25 May 2016.

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 UAE.

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 where 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

2.2 BASIS OF CONSOLIDATION [continued]

	Country of incorporation	*Ownership interest %* **2016**	*2015*	*Principal activity*
Operating entities				
Mainland Management LLC	U.A.E.	**67**	67	Real estate investments
Falcon Investments LLC	U.A.E.	**100**	100	Property management, advisory and investment brokerage services
National Investor Property Management LLC - a subsidiary of Falcon Investments LLC	U.A.E.	**100**	100	Advisory and consultancy services
Robert Flanagan Arabian Management Consultancy LLC - a subsidiary of Falcon Investments LLC	U.A.E.	**51**	51	Management consultancy services
Professional Realtors Company Ltd- a subsidiary of Falcon Investments LLC	K.S.A	**80**	80	Real estate and consultancy
Uptown Management LLC	U.A.E.	**100**	100	Real estate investments
Uptown Investment LLC	U.A.E.	**100**	100	Real estate investments
Mainland Investment LLC	U.A.E.	**100**	100	Real estate investments
Mafraq Hotel – a subsidiary of Mainland Investment LLC	U.A.E.	**100**	100	Hospitality services
TNI (Dubai) Limited	U.A.E.	**100**	100	Investment advisory services
MENA Real Estate Solutions LLC	U.A.E.	**100**	100	Real estate and consultancy
Consolidated Fund (1) *	Ireland	**-**	96.90	MENA focused mutual fund
Consolidated Fund (2) *	Bermuda	**-**	98.88	MENA focused special situations fund
Special purpose entities				
United Capital LLC	U.A.E.	**100**	100	Asset Management
Fidelity Invest LLC	U.A.E.	**100**	100	Asset Management
Fidelity Trust LLC	U.A.E.	**100**	100	Asset Management
Al Dhafra Capital LLC	U.A.E.	**100**	100	Asset Management
TNI Capital Partners Limited	Cayman Islands	**100**	100	Private Equity Funds
TNI General Partners Limited	Cayman Islands	**100**	100	Private Equity Funds
TNIH General Partner S.a.r.l	Luxembourg	**100**	100	Private Equity Funds
TNI Funds Public Limited Company	Ireland	**100**	100	Asset Management
Blue Chip Capital LLC	U.A.E.	**100**	100	Asset Management
Alliance Investment LLC	U.A.E.	**100**	100	Asset Management

*During the current year, the Group redeemed its investments in Consolidated Fund (1) and (2) (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [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.

2.2 BASIS OF CONSOLIDATION [continued]

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
31 March 2016 [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:

	2016	*2015*
Mainland Management LLC	**33%**	33%

Accumulated balances of non-controlling interest

	2016 AED'000	*2015 AED'000*
Mainland Management LLC	**51,910**	52,212

(Loss) profit allocated to material non-controlling interests

Mainland Management LLC	**(301)**	6,620

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

	2016 AED'000	*2015 AED'000*
Total assets	**182,574**	182,574
Total liabilities	**26,843**	25,938
Total equity	**155,731**	156,636
(Loss) profit for the year	**(904)**	19,859

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 2015:

- IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
- Annual Improvements 2010-2012 Cycle
  - IFRS 3 Business Combinations
  - IFRS 8 Operating Segments
  - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
  - IAS 24 Related Party Disclosures
- Annual Improvements 2011-2013 Cycle
  - IFRS 3 Business Combinations
  - IFRS 13 Fair Value Measurement
  - IAS 40 Investment Property

The new standards and amendments to standards listed above had no significant impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

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.

- IFRS 14: Regulatory Deferral Accounts
- IFRS 9: Financial Instruments - hedge accounting (Amendments to IFRS 9, IFRS 7 and IAS 39)
- IFRS 9: Financial Instruments - impairment
- IFRS 15: Revenue from Contracts with Customers
- IFRS 11: Joint Arrangements (Amendment)
- IFRS 16: Leases
- IAS 16 and IAS 38: (Amendment)
- IAS 16 and IAS 41: (Amendment)
- IAS 27: Separate Financial Statements (Amendment)

The Group intends to adopt the above IFRSs when they become effective. Management of the Group is in the process of assessing the impact of these new standards and amendments on the consolidated financial statements.

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

31 March 2016 [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

31 March 2016 [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

31 March 2016 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

Financial instruments [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
31 March 2016 [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.

Leases

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

The Group as lessor

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

The Group as lessee

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

Provisions

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

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

Accounts payable and accruals

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

Employee benefits

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

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

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

Term loans

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

2.6 SIGNIFICANT ACCOUNTING POLICIES [continued]

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:

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.

Non-current assets held for sale

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [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

31 March 2016 [continued]

2.7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES 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 23,954 thousand and AED 55,427 thousand respectively (2015: AED 24,030 thousand and AED 635 thousand), with provision for doubtful debts amounting to AED 3,978 thousand (2015: AED 6,324 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 2016.

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 2016 amounted to AED 112,197 thousand (2015: AED 90,000 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 2016 will increase/decrease by AED 11,220 thousand.

3 FEE AND SERVICE INCOME

	2016	*2015*
	AED'000	*AED'000*
Consultancy and other service income	**63,085**	58,436
Revenue from hotel services	**37,011**	35,349
Investment banking fees	**1,546**	13,483
Asset management fees	**11,480**	8,201
Leasing and brokerage income	**5,693**	6,641
	118,815	122,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016

[continued]

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

	2016	2015
	AED'000	AED'000
Realised gain on disposal	**2,079**	13,899
Unrealised gain (loss) on revaluation	**740**	(12,881)
Dividend and interest income	**962**	(1,823)
	3,781	(805)

5 INTEREST INCOME

	2016	2015
	AED'000	AED'000
Time deposits	**4,100**	3,196
Call accounts	**57**	37
	4,157	3,233

6 OTHER OPERATING INCOME

	2016	2015
	AED'000	AED'000
Insurance recovery against legal claim (note 22)	**5,442**	-
Others	**3,135**	3,731
	8,577	3,731

7 OPERATING EXPENSES

	2016	2015
	AED'000	AED'000
Staff costs	**72,878**	61,743
Professional fees	**4,597**	4,028
Rent expense	**3,043**	2,759
Others	**39,866**	32,801
	120,384	101,331

8 INTEREST EXPENSE

	2016	2015
	AED'000	AED'000
Term loans	**2,137**	2,488
Others	**509**	430
	2,646	2,918

9 REVERSAL OF IMPAIRMENT OF PROPERTY, FIXTURES AND EQUIPMENT

	2016	2015
	AED'000	AED'000
Reversal of impairment of property, fixtures and equipment (note 15)	**-**	(21,719)

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 did not result in any reversal of impairment (2015: reversal of AED 21,719 thousand). The recoverable amounts were based on a value in use calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016

[continued]

10 CASH AND CASH EQUIVALENTS

	2016 AED'000	2015 AED'000
Cash in hand	**175**	171
Call and current accounts with banks	**42,010**	57,949
Term deposits	**134,777**	134,303
	176,962	192,423
Classified as part of disposal group held for sale (note 25)	**3,688**	-
Bank balances and cash	**180,650**	192,423
Less: bank deposits with maturities over three months	**(76,751)**	(113,312)
	103,899	79,111

Bank deposits carry an interest rate ranging from 1.8% to 4.9% (31 March 2015: 0.75% to 4.9%) per annum.

11 INVESTMENTS CARRIED AT FAIR VALUE

	2016 AED'000	2015 AED'000
Investments carried at fair value through profit and loss		
Listed equity securities	**18,312**	107,813
Investment in participatory notes	**-**	42,435
	18,312	150,248
Investments carried at fair value through other comprehensive income		
Founder shares	**21,282**	33,518
Listed equity securities	**23,210**	28,238
Equity funds	**16,608**	10,859
Unlisted equity securities	**43,000**	43,000
Investments in Tier 1 Sukuk	**24,635**	-
	128,735	115,615

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*
National Entertainment LLC (Tarfeeh)	U.A.E.	40	Entertainment services
Blue Chip Fund	U.A.E.	25.9	Asset management
Growth Capital Fund	Cayman Island	35.7	Asset management

Summarised financial information of the associates is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

12 INVESTMENT IN ASSOCIATES [continued]

	2016 AED'000	2015 AED'000
Associates' statement of financial position		
Assets	**201,045**	216,962
Liabilities	**(6,233)**	(4,447)
Net assets	**194,812**	212,515
Group's share of net assets	**61,819**	67,394
Carrying amount of investment in associates	**61,819**	67,394
Associates' revenue and profit:		
Revenue	**6,349**	9,825
Profit (loss) for the year	**2,119**	(1,012)
Group's share of profit for the year	**1,013**	1,766

As of 31 March 2016, 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 had the following investment in joint ventures which are accounted for using the equity method.

	Country of incorporation	Ownership interest% 2016	Ownership interest% 2015	Principal activity
Knightsbridge Global Security LLC	U.A.E.	-	50	Providing security, guarding and surveillance services for buildings and other properties.

During the year, the Group disposed of its entire stake in Knightsbridge Global Security LLC to a third party and paid an amount of AED 6.6 million as consideration on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

13 INVESTMENT IN JOINT VENTURE [continued]

	AED '000
Carrying value of investment in joint venture disposed of	**42**
Add: Amount paid to third party upon disposal	**6,657**
Loss on disposal	**6,699**

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

	2016	*2015*
	AED'000	*AED'000*
Joint venture's statement of financial position		
Assets	-	22,105
Liabilities	-	(26,505)
Net assets	-	(4,400)
Group's share of net assets	-	(2,200)
Goodwill on acquisition	-	7,750
Carrying amount of investment in joint venture	-	5,550

	1 April 2015 to date of disposal	*2015*
	AED'000	*AED'000*
Joint venture's revenue and profit:		
Revenue	**36,785**	47,190
Loss for the period / year	**(11,016)**	(17,419)
Group's share of loss for the period / year	**(5,508)**	(8,826)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

14 INVESTMENT PROPERTIES

	2016	*2015*
	AED'000	*AED'000*
Opening balance	**90,000**	76,500
Additions during the year	**22,197**	-
Change in fair value	**-**	13,500
	112,197	90,000

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.

During the year, the Group purchased an office floor in a commercial tower for a total consideration of AED 31.2 million. The office floor area that will be held to earn rental has been classified as investment properties with the remaining area classified as property, fixtures and equipment.

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

	Date of valuation	*Total*	*Level 1*	*Level 2*	*Level 3*
		AED'000	*AED'000*	*AED'000*	*AED'000*
2016					
Investment properties – plots of land	9 March 2016	**90,000**	**-**	**-**	**90,000**
Investment properties – office units	2 February 2016	**22,197**	**-**	**22,197**	**-**
2015					
Investment properties	18 February 2015	90,000	-	-	90,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

14 INVESTMENT PROPERTIES [continued]

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	24 months
		Gross development area	290,000 sq ft.
		Net lettable area	239,200 sq ft.
		Rent	AED 130/sq ft.
Office units	Direct sales comparison method	Sales rate	AED 1,350/sq. ft
		Service charge	AED 200/sq. m

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

31 March 2016 [continued]

15 PROPERTY, FIXTURES AND EQUIPMENT

	Freehold land AED'000	*Leasehold improvements AED'000*	*Buildings AED'000*
2016			
Cost:			
At 1 April 2015	61,506	4,870	186,207
Additions	-	-	-
Disposals	-	-	-
Classified as part of disposal group held for sale (note 25)	-	-	-
At 31 March 2016	**61,506**	**4,870**	**186,207**
Accumulated depreciation:			
At 1 April 2015	-	3,196	32,217
Charge for the year	-	213	7,022
Disposals	-	-	-
Classified as part of disposal group held for sale (note 25)	-	-	-
At 31 March 2016	**-**	**3,409**	**39,239**
Net carrying amount before impairment:			
At 31 March 2016	**61,506**	**1,461**	**146,968**
Impairment:			
At 1 April 2015	3,655	60	12,157
At 31 March 2016	**3,655**	**60**	**12,157**
Net carrying amount after impairment:			
At 31 March 2016	**57,851**	**1,401**	**134,811**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

	Furniture and fixtures AED'000	*Office equipment AED'000*	*Motor vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
	9,399	21,136	1,313	-	284,431
	892	286	145	12,903	14,226
	(18)	(123)	-	-	(141)
	(75)	(31)	-	-	(106)
	10,198	**21,268**	**1,458**	**12,903**	**298,410**
	6,901	13,277	802	-	56,393
	1,029	2,109	184	-	10,557
	(13)	(41)	-	-	(54)
	(31)	(16)	-	-	(47)
	7,886	**15,329**	**986**	**-**	**66,849**
	2,312	**5,939**	**472**	**12,903**	**231,561**
	995	540	39	-	17,446
	995	**540**	**39**	**-**	**17,446**
	1,317	**5,399**	**433**	**12,903**	**214,115**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

15 PROPERTY, FIXTURES AND EQUIPMENT [continued]

	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

31 March 2016 [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

31 March 2016 [continued]

16 OTHER ASSETS

	2016 AED'000	2015 AED'000
Trade receivables	**23,954**	24,030
Prepaid expenses	**8,712**	7,975
Accrued income	**6,949**	5,644
Due from employees	**2,640**	1,732
Deferred project costs	**307**	18,964
Others	**673**	7,758
	43,235	66,103
Less: allowance for doubtful debts	**(3,978)**	(6,324)
Less: provision for deferred project costs*	**-**	(18,964)
	39,257	40,815
Classified as part of a disposal group held for sale (note 25)	**(311)**	-
	38,946	40,815

*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. The amount was written off during the current year.

As at 31 March 2016, trade receivables at nominal value of AED 3,978 thousand (2015: AED 6,324 thousand) were impaired, and fully provided for.

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

	2016 AED'000	2015 AED'000
Balance at the beginning of the year	**6,324**	5,888
Charge for the year	**241**	480
Amounts written off during the year	**(2,587)**	-
Reversal during the year	**-**	(44)
Balance at the end of the year	**3,978**	6,324

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

			Past due but not impaired			
	Total AED'000	Neither past due nor impaired AED'000	< 30 days AED'000	30 – 60 days AED'000	61 – 90 days AED'000	>90 days AED'000
2016	**19,976**	**-**	**7,902**	**4,216**	**1,327**	**6,531**
2015	17,706	-	6,611	4,954	2,414	3,727

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
31 March 2016 [continued]

17 TERM LOANS

	2016 AED'000	2015 AED'000
Term loan 1	**46,015**	57,674
Term loan 2	**4,733**	4,733
	50,748	62,407

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

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

Term loan 2: Mainland Management entered into a bridge loan agreement with Finance House PJSC, a related party, on 26 March 2007, amounting to AED 17 million. During 2014, 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

	2016 AED'000	2015 AED'000
Trade payables	**8,296**	6,553
Staff payables	**1,725**	10,224
Provision for end of service benefits	**12,045**	9,794
Accrued expenses	**12,210**	2,872
	34,276	29,443
Classified as part of disposal group held for sale (note 25)	**(296)**	-
	33,980	29,443

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

	2016 AED'000	2015 AED'000
Balance at the beginning of the year	**9,794**	12,704
Provided during the year	**3,023**	2,770
Payments during the year	**(772)**	(4,048)
Reversal of provision	-	(1,482)
Transfer to due to employees	**-**	(150)
Balance at end of the year	**12,045**	9,794

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

19 SHARE CAPITAL

	2016 AED'000	2015 AED'000
Authorised, issued and fully paid		
577,500 thousand shares (31 March 2015: 577,500 thousand shares) of AED 1 each (31 March 2015: AED 1 each)	**577,500**	577,500

20 LEGAL RESERVE

As required by the UAE Federal Law No. (2) of 2015 and the Articles of Association of the Company and its subsidiaries, 10% of the profit for the year, on an 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

	2016 AED'000	2015 AED'000
Corporate guarantees	**47,305**	70,720
Bank guarantees	**36,065**	35,868
Capital commitments	**-**	2,104
	83,370	108,692

The Group is a defendant in a lawsuit 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 (2015: AED nil).

During the prior 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 prior year. During the year, the Group recovered an amount of AED 5,442 thousand from the insurance company (note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [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:

	2016 AED'000	*2015 AED'000*
Amounts due from related parties:		
Associates	**566**	335
Funds under management	**18**	10
Consolidated fund (1) and (2)	**54,930**	290
	55,514	635
Classified as part of disposal group held for sale (note 25)	**(87)**	-
	55,427	635
Amounts due to related parties:		
Others	**48**	1,017
	48	1,017
Term loans		
Loan obtained from Finance House (note 17)	**4,733**	4,733

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

	2016 AED'000	*2015 AED'000*
Fees earned from related parties	**5,572**	8,546
Guarantees issued on behalf of the Company	**83,370**	106,588
Short term benefits of key management personnel (salaries, benefits and bonuses)	**15,121**	12,766
Interest expense on loan obtained from Finance House	**192**	192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

24 FIDUCIARY ACTIVITIES

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

	2016 AED'000	*2015 AED'000*
Shares (at market value)	**11,156**	47,649
Bank balances	**4,252**	3,992

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

25 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

Disposal of Subsidiaries

Consolidated fund (1)

During the year, the Group redeemed its holding in the Consolidated fund (1) for a total consideration of AED 109,598 thousand.

(a) Gain on disposal:

	AED '000
Group's share of net assets of the fund	**109,598**
Consideration received/ receivable	**109,598**
Gain on disposal	-

(b) Included in the consolidated income statement for the year ended 31 March 2016 are the following amounts relating to the Consolidated Fund (1) operations for the period up to disposal:

	1 April 2015 to date of disposal AED'000	*31 March 2015 AED'000*
Net loss from investments carried at fair value through profit and loss	**(25,537)**	(9,032)
Operating expenses	**(3,541)**	(3,553)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	**(29,078)**	(12,585)
Attributable to:		
Equity holders of the Company	**(24,269)**	(12,195)
Non-controlling interest	**(4,809)**	(390)
	(29,078)	(12,585)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

25 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS [continued]

Disposal of Subsidiaries [continued]

Consolidated fund (2)

During the year, the Group redeemed its holding in the Consolidated fund (2) for a total consideration of AED 25,708 thousand.

(a) Gain on disposal:

	AED '000
Group's share of net assets of the fund	**25,708**
Consideration received/ receivable	**25,708**
Gain on disposal	-

(b) Included in the consolidated income statement for the year ended 31 March 2016 are the following amounts relating to the Consolidated Fund (2) operations for the period up to disposal:

	1 April 2015 to date of disposal AED'000	*31 March 2015 AED'000*
Net income from investments carried at fair value through profit and loss	**706**	1,798
Interest income	**-**	34
Operating expenses	**(1,810)**	(3,797)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	**(1,104)**	(1,965)
Attributable to:		
Equity holders of the Company	**(1,078)**	(1,943)
Non-controlling interest	**(26)**	(22)
	(1,104)	(1,965)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

25 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS [continued]

Discontinued Operations

During February 2016, the Board of Directors resolved to liquidate The National Investor (Dubai) Limited, and accordingly the subsidiary was classified as discontinued operations in accordance with International Financial Reporting Standard (5)

(a) Included in the consolidated income statement for the year ended 31 March 2016 are the following amounts relating to the discontinued subsidiary:

	2016 AED'000	*2015 AED'000*
Fee and service income	**(17)**	1,530
Interest income	**52**	18
Operating expenses	**(1,500)**	(2,143)
Depreciation	**(47)**	(17)
Loss for the year from discontinued operations	**(1,512)**	(612)
Attributable to:		
Equity holders of the parent company	**(1,512)**	(612)
Non-controlling interests	**-**	-
	(1,512)	(612)
Cash flows from discontinued operations:		
Net cash (outflows) operating activities	**(271)**	(501)
Net cash (outflows) from investing activities	**108**	(173)
Net cash (outflows) inflows from financing activities	**-**	1,835
Net cash (outflows) / inflows	**(163)**	1,161

The major classes of assets and liabilities comprising the operations classified as held for sale at 31 March 2016 are as follows:

	2016 AED'000
Statement of financial position	
Cash and cash equivalents (note 10)	**3,688**
Amounts due from related parties (note 23)	**87**
Property, fixtures and equipment (noted 15)	**59**
Other assets (note 16)	**311**
Assets classified as held for sale	**4,145**
Other liabilities (note 18)	**(296)**
Total liabilities directly associated with assets classified as held for sale	**(296)**
Net assets classified as held for sale	**3,849**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

26 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision makers of the Group in order to allocate resources to the segment and to assess its performance. Information reported to the chief operating decision makers is based on three major segments as follows:

Asset Management- manages investment portfolios and funds in regional equities and offers regional and foreign investors gateways for investment in the GCC and Arab stock markets.

Merchant Banking- provides corporate finance advisory, private placements, public offerings of equity and debt securities, mergers and acquisitions.

Principal Investments- manages and controls all cash related to the Group, and all proprietary investments of the Group including investments in associates, joint ventures, investments at fair value through profit or loss and other comprehensive income and investment properties.

Management monitors the net operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The business segments information for the years ended 31 March 2016 and 2015 are as follows:

Business segments

	Asset management AED'000	*Merchant banking AED'000*	*Principal investments AED'000*	*Total AED'000*
31 March 2016				
Operating Income	**2,978**	**1,006**	**125,436**	**129,420**
Net segment results	**(6,430)**	**(8,284)**	**(21,398)**	**(36,112)**
Segment assets	**-**	**-**	**811,913**	**811,913**
Segment liabilities	**1,571**	**2,185**	**81,316**	**85,072**
31 March 2015				
Operating Income	6,679	14,042	118,564	139,285
Net segment results	(4,221)	5,142	22,974	23,895
Segment assets	-	-	874,340	874,340
Segment liabilities	1,339	2,032	89,496	92,867

27 RISK MANAGEMENT

27.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

27 RISK MANAGEMENT [continued]

27.1 Introduction [continued]

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.

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.

27.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

27 RISK MANAGEMENT [continued]

27.2 Market risk [continued]

Interest rate risk continued

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 2016.

	Effect on profit AED'000
2016	
+100 increase in basis point	**875**
-100 decrease in basis point	**(875)**
2015	
+100 increase in basis point	1,118
-100 decrease in basis point	(1,118)

Currency risk

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

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

Equity price risk

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

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

	Assumed level of change %	***Impact on net income 2016 AED'000***	*Impact on net income 2015 AED'000*
Investments carried at fair value through profit or loss			
Abu Dhabi Securities Market Index	5%	**419**	153
Dubai Financial Market Index	5%	**346**	6
Other markets	5%	**151**	5,232

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 2016 AED'000***	*Impact on equity 2015 AED'000*
Investments carried at fair value through other comprehensive income			
Abu Dhabi Securities Market Index	5%	**1,064**	1,676
Dubai Financial Market Index	5%	**1,161**	1,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

27 RISK MANAGEMENT [continued]

27.3 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 2016 AED'000	*31 March 2015 AED'000*
Balances with banks	**180,650**	192,423
Amounts due from related parties	**55,427**	635
Other assets	**30,547**	32,840
	266,624	225,898

27.4 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 2016 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	**103,899**	**76,751**	**-**	**-**	**180,650**
Amounts due from related parties	**54,184**	**9**	**1,321**	**-**	**55,514**
Investments, including associates and joint venture	**18,312**	**-**	**190,554**	**-**	**208,866**
Other assets	**23,905**	**6,640**	**-**	**-**	**30,545**
Financial assets	**200,300**	**83,400**	**191,875**	**-**	**475,575**
Non-financial assets	**8,712**	**-**	**134,964**	**192,662**	**336,338**
Total assets	**209,012**	**83,400**	**326,839**	**192,662**	**811,913**
LIABILITIES					
Term loans	**3,414**	**13,326**	**38,324**	**-**	**55,064**
Amounts due to related parties	**48**	**-**	**-**	**-**	**48**
Other liabilities	**12,273**	**9,958**	**12,045**	**-**	**34,276**
Total liabilities	**15,735**	**23,284**	**50,369**	**-**	**89,388**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

27 RISK MANAGEMENT [continued]

27.4 Liquidity risk and funding management [continued]

Analysis of financial assets and financial liabilities by remaining contractual maturities continued
The maturity profile of the financial assets and liabilities at 31 March 2015 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	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

27.5 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.

27.6 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 2016 and 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2016 [continued]

28 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 2016:

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
FINANCIAL ASSETS				
Carried at fair value through profit or loss				
Quoted equities	**18,312**	**-**	**-**	**18,312**
Carried at fair value through other comprehensive income				
Quoted equities	**44,492**	**-**	**-**	**44,492**
Islamic sukuk	**-**	**24,635**	**-**	**24,635**
Unquoted equities	**-**	**9,268**	**50,340**	**59,608**
	44,492	**33,903**	**50,340**	**128,735**

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 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
FINANCIAL ASSETS				
Carried at fair value through profit or loss				
Quoted equities	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

Transfers between categories

During the reporting period ended 31 March 2016 and 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2016 [continued]

28 FAIR VALUE OF FINANCIAL INSTRUMENTS [continued]

Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity securities as financial assets at fair value through other comprehensive income classified as Level 3 within the fair value hierarchy.

A reconciliation of the beginning and closing balances including movements is summarized below:

	2016 AED'000	*2015 AED'000*
1 April	**43,000**	-
Additions during the year	**7,340**	43,000
	50,340	43,000

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