Manazel Real Estate PJSC

BOARD OF DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

Manazel Real Estate PJSC

BOARD OF DIRECTORS' REPORT

31 DECEMBER 2017

Manazel Real Estate PJSC

BOARD OF DIRECTORS' REPORT
Year ended 31 December 2017

On behalf of the Board of Directors, I am pleased to present the audited consolidated financial statements of Manazel Real Estate PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2017.

Results and appropriations
The Group has earned revenues of AED 862 million and recorded a profit of AED 221 million for the year ended 31 December 2017 compared to revenues of AED 749 million and a profit of AED 207 million for the year ended 31 December 2016. Earnings per share for the year ended 31 December 2017 amounts to AED 0.085 compared to earnings per share of AED 0.079 for the year ended 31 December 2016. The Group's total assets have increase from AED 4,701 million as at 31 December 2016 to AED 4,975 million as at 31 December 2017.

Directors
As at the end of the reporting period, the Board of Directors comprises:

Mohamed M. Al Qubaisi	-	Chairman
Mohamed Thaaloob Al Derei	-	Vice Chairman
Mohamed Saeed Al Ghfeli	-	Member
Khalid Deemas Al Suwaidi .	-	Member
Naser Almur Alzaabi	-	Member

Auditors
A resolution to appoint external auditors for the ensuing year will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors

Mohamed M. Al Qubaisi
Chairman

29 March 2018

Manazel Real Estate PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

Building a better working world

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MANAZEL REAL ESTATE PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Manazel Real Estate PJSC (the "Company"), and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Key audit matter	***How our audit addressed the area of focus***
(a) Recognition of Revenue on Property Development and Land Sales Revenue recognition on property development and land sales involves significant judgements and use of estimates. The revenue of the Group from property development and sales amounted to AED 668,547 thousand for the year ended 31 December 2017. The Group assesses for each of its contracts with customers, whether to recognise revenue over time or at a point in time based on a consideration of whether the Group has created a real estate asset with no alternative use and whether the Group has an enforceable right to payment for performance completed at any time during the life of the contract (see note 3 and 6 to the consolidated financial statements). Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to meet performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of the reporting period. Revenue recognition on property development and sales was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations, estimation of total cost of project completion and judgements made in assessing the timing of revenue recognition.	We reviewed a sample of contracts with customers for property development and sale and assessed the management's identification of performance obligations and determination of whether the revenue shall be recognised over time or at a point in time. We assessed the satisfaction of performance obligations and where appropriate we corroborated it with external available evidence. We examined approved project cost budgets for significant on-going real estate developments and reviewed the projects' completion percentages in light of costs incurred and also reviewed invoices, on a sample basis, to substantiate the costs incurred. For significant projects, we recalculated the amount of revenue to be recognized. We inspected the contracts and tested the governance around approval of project budgets and held discussions with management where significant variances against the approved budgets were noted to understand the underlying reason.

Key audit matter	***How our audit addressed the area of focus***
(b) Valuation of Investment Properties The Valuation of investment properties involves a degree of complexity and significant judgements and estimates. The property valuations were carried out by external valuers (the "Valuers"). In determining a property's valuation, the Valuers take into account property-specific information such as the current tenancy agreements and rental income and apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at valuation. Investment properties as at 31 December 2017 amounted AED 1,770,160 thousand (note 15).	We read the valuation reports for properties and assessed that the valuation approach for each was in accordance with the established standards for valuation of properties and suitable for use in determining the fair value for the purpose of the consolidated financial statements. We assessed the Valuers' independence, qualifications and expertise and read their terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We involved our internal valuation specialists in reviewing the valuation of the properties. The review included discussions with management, and consideration of the estimates and judgements used in Valuer's valuation and assessment of valuation against our expectations. Where the assumptions were outside expected range or otherwise unusual, we obtained further audit evidence to support the explanations provided by management. We compared the investment yields used by the Valuers to an estimated range of expected yields, assessed via reference to published benchmarks and research reports. Moreover, we analyzed assumptions such as estimated rental values, service charges and occupancy levels against historical trends, published benchmarks or recent transactions. Where assumptions were outside the expected range or otherwise unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with the management.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MANAZEL REAL ESTATE PJSC continued

Report on the Audit of the Consolidated Financial Statements continued

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 6 to the consolidated financial statements which states that the Company is carrying an amount of AED 491 million as receivable from Government related entities in respect of infrastructure costs incurred by the Company on various developments amounting to AED 561 million. The Company received an amount of AED 70 million up till the year ended 31 December 2014 and the remaining AED 491 million have been claimed. The Company is also negotiating a transfer of parcel of land from the Government Authorities in exchange for the claimed amounts. The ultimate outcome of the matter and the timing of the reimbursements is currently uncertain.

Other information
Management is responsible for the other information. Other information consists of the information included in the Group's 2017 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the Board of Directors' report, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2017 Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Articles of Association of the Company;

iii) the Group has maintained proper books of account;

iv) the consolidated financial information included in the Board of Directors' report is consistent with the books of account and records of the Group;

v) based on the information that has been made available to us the company has not purchased or invested in any shares or stocks during the financial year ended 31 December 2017;

vi) note 24 reflects the disclosures relating to related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2017, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2017.

Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No 811

29 March 2018
Abu Dhabi

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2017

	Notes	***2017 AED'000***	*2016 AED'000*
Revenue	6	**861,873**	748,616
Cost of revenue	6	**(545,423)**	(494,294)
GROSS PROFIT		**316,450**	254,322
Changes in fair value of investment properties, net	15	**5,017**	88,811
Gain on disposal of investment properties		**45,744**	-
Reversal of impariment loss on development work-in-progress	14	-	30,819
Gain on disposal of property, plant and equipment		-	1,204
Finance costs	7	**(52,479)**	(54,904)
General and administrative expenses	8.1	**(66,184)**	(84,755)
Selling and marketing expenses	8.2	**(10,726)**	(11,057)
Ancillary fees for the Board of Directors' special efforts	24	**(18,000)**	(18,500)
Other income	9	**728**	576
PROFIT FOR THE YEAR		**220,550**	206,516
Attributable to:			
Owners of the Parent		**220,550**	206,516
Non-controlling interests		-	-
		220,550	206,516
Earnings per share			
Basic and diluted earnings per share (in AED per share)	23	**0.085**	0.079

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	Note	2017 AED'000	2016 AED'000
PROFIT FOR THE YEAR		**220,550**	206,516
Changes in fair value relating to investments carried at fair value through other comprehensive income		(1,980)	(5,436)
Loss on revaluation of property, plant and equipment	16	(26,910)	-
Other comprehensive loss for the year that will not be reclassified to consolidated income statement		(28,890)	(5,436)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**191,660**	201,080
Attributable to:			
Owners of the Parent		191,660	201,080
Non-controlling interests		-	-
		191,660	201,080

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Notes	*2017 AED'000*	*2016 AED'000*
ASSETS			
Bank balances and cash	10	**129,589**	179,992
Trade and other receivables	11	**1,076,572**	810,737
Properties held for sale	12	**5,902**	5,902
Investments carried at fair value through other comprehensive income	13	**-**	1,980
Development work-in-progress	14	**172,104**	190,617
Recoverable infrastructure costs	6	**491,017**	491,017
Investment properties	15	**1,770,160**	1,676,506
Property, plant and equipment	16	**1,330,113**	1,343,881
TOTAL ASSETS		**4,975,457**	4,700,632
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	**2,600,000**	2,600,000
Reserves		**290,411**	202,751
		2,890,411	2,802,751
Non-controlling interest		**(1,177)**	(1,177)
TOTAL EQUITY		**2,889,234**	2,801,574
LIABILITIES			
Trade and other payables	19	**517,575**	579,160
Retentions payable		**30,425**	23,269
Islamic financing	20	**1,499,410**	1,259,350
Advances from customers	21	**33,701**	33,473
Employees' end of service benefits	22	**5,112**	3,806
TOTAL LIABILITIES		**2,086,223**	1,899,058
TOTAL EQUITY AND LIABILITIES		**4,975,457**	4,700,632

CHAIRMAN

CHIEF EXECUTIVE OFFICER

The attached notes 1 to 32 form part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Attributable to the owners of the Company									
		Reserves								
	Share capital AED'000	*Statutory reserve AED'000*	*Cumulative changes in fair value of investments AED'000*	*Fair value reserve for property, plant and equipment AED'000*	*Excess of cash consideration over net assets relating to acquisition of non-controlling interest(note 31) AED'000*	*Accumulated losses AED'000*	*Total reserves AED'000*	*Total AED'000*	*Non-controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2016	2,500,000	196,350	(68,542)	384,269	(153,343)	(257,063)	101,671	2,601,671	(1,177)	2,600,494
Profit for the year	-	-	-	-	-	206,516	206,516	206,516	-	206,516
Other comprehensive income for the year	-	-	(5,436)	-	-	-	(5,436)	(5,436)	-	(5,436)
Total comprehensive income for the year	-	-	(5,436)	-	-	206,516	201,080	201,080	-	201,080
Bonus shares	100,000	-	-	-	-	(100,000)	(100,000)	-	-	-
Transfers to statutory reserve	-	20,652	-	-	-	(20,652)	-	-	-	-
Balance at 31 December 2016	2,600,000	217,002	(73,978)	384,269	(153,343)	(171,199)	202,751	2,802,751	(1,177)	2,801,574
Balance at 1 January 2017	2,600,000	217,002	(73,978)	384,269	(153,343)	(171,199)	202,751	2,802,751	(1,177)	2,801,574
Profit for the year	-	-	-	-	-	220,550	220,550	220,550	-	220,550
Other comprehensive income for the year	-	-	(1,980)	(26,910)	-	-	(28,890)	(28,890)	-	(28,890)
Total comprehensive income for the year	-	-	(1,980)	(26,910)	-	220,550	191,660	191,660	-	191,660
Dividend	-	-	-	-	-	(104,000)	(104,000)	(104,000)	-	(104,000)
Transfers to statutory reserve	-	22,055	-	-	-	(22,055)	-	-	-	-
Balance at 31 December 2017	2,600,000	239,057	(75,958)	357,359	(153,343)	(76,704)	290,411	2,890,411	(1,177)	2,889,234

The attached notes 1 to 32 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Notes	*2017* *AED'000*	*2016* *AED'000*
OPERATING ACTIVITIES			
Profit for the year		**220,550**	206,516
Adjustments for:			
Depreciation of property, plant and equipment	16	**10,322**	9,546
Gain on disposal of property, plant and equipment		**-**	(1,204)
Changes in fair value of investment properties	15	**(5,017)**	(88,811)
Gain on disposal of investment properties		**(45,744)**	-
Reversal of impairment of development work-in-progress			(30,819)
Finance costs	7	**52,479**	54,904
Provision for impaired receivables			229
Provision for employees' end of service benefits	22	**1,756**	1,043
Net cash flows from operations		**234,346**	151,404
Movements in working capital:			
Development work-in-progress		**38,293**	102,962
Trade and other receivables		**(293,828)**	(315,621)
Trade and other payables		**(75,300)**	65,558
Retentions payable		**7,156**	5,212
Advances from customers		**228**	3,563
		(89,105)	13,078
Employees' end of service benefits paid	22	**(450)**	(943)
Net cash flows (used in) from operating activities		**(89,555)**	12,135
INVESTING ACTIVITIES			
Additions in property, plant and equipment	16	**(23,464)**	(2,917)
Proceeds from disposal of property, plant and equipment		**-**	2,929
Placement in bank deposits held under lien		**(1,000)**	-
Additions to investment properties	15	**(14,900)**	(6,661)
Net cash used in investing activities		**(39,364)**	(6,649)
FINANCING ACTVITIES			
Dividend paid		**(103,733)**	(3,282)
Finance cost paid, net		**(58,811)**	(55,820)
Islamic financing received, net	20	**240,060**	218,514
Net cash from financing activities		**77,516**	159,412
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(51,403)**	164,898
Cash and cash equivalents at the beginning of the year		**179,967**	15,069
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**128,564**	179,967

The attached notes 1 to 32 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Manazel Real Estate PJSC (the "Company" or the "Parent") was established on 12 April 2006 as a private joint stock company and was registered on 13 May 2006.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the Shari'a compliant real estate business which includes development, sales, investment, construction, management and associated services. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 33322, Abu Dhabi.

The consolidated financial statements of the Group for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 29 March 2018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), general principles of the Shari'a as determined by Group's Fatwa and Shari'a Supervisory Board and also comply with the applicable requirements of the laws in the UAE. The accounting policies have been consistently applied other than changes as a result of application of new and revised standards mentioned in Note 2.4.

The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect, replacing the existing Federal Law No. 8 of 1984.

2.2 Basis of preparation

The consolidated financial statements have been prepared on a historic cost basis except for investments carried at fair value through other comprehensive income, investment properties that have been measured at fair value and land included in capital work in progress which has been carried at revalued amounts.

The consolidated financial statements have been presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousands except where otherwise indicated.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017. Control is achieved when the Company 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 Company controls an investee if and only if the Company has:

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

2 BASIS OF PREPARATION continued

2.3 Basis of consolidation continued

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

a. The contractual arrangement with the other vote holders of the investee;
b. Rights arising from other contractual arrangements; and
c. The Company's voting rights and potential voting rights.

The Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Company gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred.

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.

The financial statements of the subsidiaries are prepared for the same reporting year as of the Parent.

Non-controlling interests principally represent the interest in subsidiaries not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the Company shareholders' equity. The Group's accounting policy for acquisition of non-controlling interests is using the 'entity concept method'. Under this method, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid are recognised directly in equity and attributed to the owners of the Company.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	*Proportion of ownership interest*		*Proportion of voting power held*		*Place of incorporation and operation*	*Principal activity*
	2017	*2016*	***2017***	*2016*		
Manazel International Capital Co. L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Investments in real estate and commercial projects
Manazel International Capital – Jordan L.L.C.	**100%**	100%	**100%**	100%	Jordan	Investments in real estate and commercial projects
Manazel International Capital – Saudi Arabia Ltd.	**100%**	100%	**100%**	100%	K.S.A	Purchase and development of properties for resale or lease
Tatweer Capital Co. L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Properties management and brokerage
Dunes Village L.L.C. *	**99%**	99%	**99%**	99%	U.A.E	Development, sale and management of properties
Manazel Specialists Real Estate L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Real estate management and leasing

2 BASIS OF PREPARATION continued

2.3 Basis of consolidation continued

Name of subsidiary	*Proportion of ownership interest*		*Proportion of voting power held*		*Place of incorporation and operation*	*Principal activity*
	2017	*2016*	*2017*	*2016*		
Census International General Maintenance L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Facility management services
Al Reef Cooling L.L.C	**100%**	100%	**100%**	100%	U.A.E	District cooling
Capital Cooling L.L.C	**100%**	100%	**100%**	100%	U.A.E	District cooling
Capital Mall L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Management services
Al Reef Capital Real Estate L.L.C.	**100%**	100%	**100%**	100%	U.A.E	Investments in real estate and commercial projects

*1% non-controlling interest in Dunes Village L.L.C is entitled to 40% share of profits of Dunes Village L.L.C. In the event of loss the Company takes 99% share of loss.

The shares of Tatweer Capital Co. L.L.C. are registered in the name of two of the Company's directors. The two directors have collateralised their share fully in favour of the Company and empowered the Company to act by proxy in respect of the total shares with an assignment of all rights and obligations relating to the shares of the Company. The proxy is irrevocable unless otherwise agreed in writing by the Company's Board of Directors.

2.4 Changes in accounting policies and disclosures

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although the new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendment was issued in January 2016 with the intention to improve disclosures of financing activities and help users to better understand reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their liabilities as a result of financing activities such as changes from cash flows and non-cash items. The amendment does not impact the consolidated financial statements of the Group.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendment does not impact the consolidated financial statements of the Group.

Annual Improvements Cycle - 2014-2016
Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendment does not impact the consolidated financial statements of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

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

a) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

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

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Rental income
Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Revenue from district cooling services
Revenue from district cooling services comprises of available capacity and variable output provided to customers and is recognised when services are provided.

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

Service charges and expenses recoverable from tenants
Service charges and related income for services rendered to tenants are recognised when such services are rendered.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank balances and short term deposits with an original maturity of three months or less.

Trade receivables
Trade receivables are stated at original invoice amount less a provision for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Properties held for sale
Properties acquired with the intention of sale are classified as properties held for sale. Properties held for sale are stated at cost or at net realisable value, whichever is lower. Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities that are necessary to get the assets ready for the intended use are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Investments carried at fair value through other comprehensive income
Investments carried at fair value through other comprehensive income are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains and losses arising on disposal are recognised in consolidated statement of comprehensive income and dividend income is credited to consolidated income statement when the right to receive the dividend is established.

Development work-in-progress
Property being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:
- Freehold and leasehold rights of land;
- Amounts paid to contractors for construction;
- Financing costs, planning and design costs, costs of site preparation, professional fees and legal services, property transfer changes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion and the estimated costs to sell.

The costs of inventory recognised in income statement on disposal is determined with reference to the specified costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Investment property
Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease arrangement is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer of taxes, professional fees for legal services, initial leasing commissions and other incidental costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investment property continued
Subsequent to initial recognition, investment property is stated at fair value. Gains and losses arising from changes in the fair values are included in the consolidated income statement in the period in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated income statement in the year of retirement or disposal.

Gains and losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous consolidated financial statements.

Transfer to, or from investment property shall be made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value, other than land included in capital work in progress which is carried at revalued amount. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in consolidated income statement as incurred. Land is not depreciated.

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

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

District cooling plants	40 years
Furniture and fixtures	4 years
Leasehold building improvements	4 to 10 years
Computers and software	3 years
Office equipment	4 years
Motor vehicles	4 years
Office building	30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. During 2015, the estimate of useful life of district cooling plants has been changed from 25 years to 40 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated income statement in the year the asset is derecognised.

Capital work in progress is recorded at cost incurred by the Group for the construction of the assets. Allocated costs directly attributable to the construction of the assets are capitalised. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and available for use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees' end of service benefits
The Group provides for end of service benefits of its non-UAE national employees in accordance with UAE labour law. 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 and national insurance contributions for UAE citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if the right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease arrangement include a promise from the lessor to transfer substantially all the risks and rewards of ownership to the lessee, upon expiry or early termination of the lease. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Contingent rents are recognised as revenue in the period in which they are earned.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases continued

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (as benefits of these assets are owned by the lessee). The corresponding liability is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of return on the remaining balance of the liability. Finance charges are charged directly to the consolidated income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on financing costs.

A leased asset is depreciated over the useful life of the asset, however, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Where operating leases relate to plots of land on which the Group is constructing its development properties, the lease payments are allocated to the cost of development work-in-progress on a straight line basis over the construction period which represents the time pattern of the Group's benefits. For all other operating leases, lease payments are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in UAE Dirhams (AED) which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except for:

- Exchange differences on foreign currency fundings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to financing costs on those foreign currency fundings;
- Exchange differences on transactions entered into in order to hedge in a Shari'a-compliant way certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in consolidated income statement and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

The assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translations are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financing costs
Financing 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 financings pending their expenditure on qualifying assets is deducted from the financing costs eligible for recognition.

All other financing costs are recognised in consolidated income statement in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. 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.

Impairment of non-financial assets
At end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the revaluation decrease will include impairment. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated income statement in those expenses categories consistent with the function of the impaired asset.

An assessment is made at each reporting date for each asset as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Fair value of financial instruments
For investments traded in an active market, fair value is determined by reference to quoted market bid prices. Fair values of financial instruments where there is not an active market are estimated using valuation methods such as net present values of future cash flows.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements
Classification of properties
In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment, development work-in-progress and/or property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, development work-in-progress and property held for sale. In making its judgement, 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 and approved by the Company's Board of Directors.

Transfer from and to investment properties
Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

Classification of financial assets
Management decides on acquisition of a financial asset whether it should be classified as amortised cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

Reimbursement of infrastructure-related costs
The Group, being master developer for real estate projects, incurs certain infrastructure-related costs relating to development of projects which are reimbursable by government and related authorities as per the memorandum of understanding and / or acknowledgements by such government-related authorities. Determination of the amount of reimbursement of costs recoverable from government authorities requires significant judgement. The management takes into account the latest communications with the related government-related authorities. As at 31 December 2017, the Group has recognised an amount of AED 491 million (2016: AED 491 million) representing costs reimbursable by the relevant authorities. Any difference between the amounts actually reimbursed by the government-related authorities in future periods and the amounts expected will be recognised in the consolidated income statement.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

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

Impairment of accounts receivable
An estimate of the collectable amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade accounts receivable were AED 86 million (2016: AED 73 million), with a provision for doubtful debts of AED 2 million (2016: AED 1 million recognised). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

Valuation of unquoted investments
Such assets primarily consist of investments in private equity investments and co-investment in funds and are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines, including but not limited to current market value of another instrument which is substantially the same or expected cash flows of the underlying net asset base of the investment. This determination requires significant estimates and judgement with respect to future earnings, cash flows and discount rates. In making these estimates, the Group evaluates, among other factors, expected cash distributions as well as the business outlook for each investment together with relevant market risk and volatility.

Estimation of net realisable value for properties held for sale and development work-in-progress
Properties held for sale and properties classified under development work-in-progress are stated at the lower of cost or net realisable value (NRV). NRV is assessed by independent real estate valuation consultants with reference to market conditions and prices for similar properties existing at the end of the reporting period, off-plan sales prices, costs of completion etc at the end of the reporting period.

Due to the limited number of comparable market transactions, the independent real estate valuation consultants of the Group have used significant judgement in arriving at the NRV of properties held for sale and development work in progress. The realisable values may significantly differ from the current estimates made by the independent real estate valuation consultants.

Estimation of fair value of investment properties
The fair value of investment properties is determined by independent real estate valuation consultants based on methods such as the Comparative Method of Valuation, the Hypothetical Development Approach, and the Income Capitalisation Method.

Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual values realised.

Under the Comparative Method of Valuation the fair value is determined by considering recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Estimation and assumptions continued
Estimation of fair value of investment properties continued
The Hypothetical Development Approach requires the use of estimates such as future cash flows from assets (such as selling and leasing rates, future revenue streams, construction costs and associated professional fees and financing cost), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the Income Capitalisation Approach, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

The determination of the fair value of revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

The continuing volatility in the global financial system and in the real estate industry has contributed to the significant reduction in transaction volumes in the UAE. Therefore, in arriving at their estimates of market values as at 31 December 2017 the valuers have used their knowledge and professional judgement and have not only relied solely on historic transactional comparables. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating market values of investment properties.

As a result of the fair value assessment, an increase in fair value of AED 5 million (2016: Increase in fair value of AED 89 million) has been recognised in the consolidated income statement for the year.

Impairment of capital work in progress
Impairment testing of capital work in progress requires an estimation of the value in use of the cash-generating units. The value in use requires the Group to estimate the future cash flows, terminal value of the assets, cost to complete the construction of the assets, and choose a suitable discount rate in order to calculate the present value of the cash flows.

At the reporting date, gross development work in progress was AED 172 million (2016: AED 191 million). Impairment provided during the year amounts to AED nil (2016: AED nil). Any difference between the amounts actually realised in future periods and the amounts expected to be realized will be recognised in the consolidated income statement

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant 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 future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by subcontractors and the cost of meeting other contractual obligations to the customers.

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

5 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The management intends to adopt these standards, if applicable, when they become effective. The management anticipates that the adoption of these standards interpretations and amendments, with the exception of IFRS 16, will have no material impact on the consolidated financial statements of the Group.

- IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 9 Financial Instruments
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Amendments to IAS 40: Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments.

Annual Improvements 2014-2016 Cycle

- IFRS 1 First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first time adopters
- IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- IFRS 3 Business Combinations - Previously held interests in a joint operation
- IFRS 11 Joint Arrangements - Previously held interests in a joint operation
- IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity
- IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization.

IFRS 16 has been issued in January 2016 and it supersedes IAS 17. IFRS 16 introduces a single model for accounting of lease and requires lessees to recognise assets and liabilities for most leases, whereas the accounting for the lessor has remained substantially unchanged. The Group is assessing the impact of adopting IFRS 16. The adoption of the standard will result in recognition of additional assets and liabilities for leases where the Group is a lessee.

6 REVENUE AND COST OF REVENUE

	2017 *AED'000*	*2016* *AED'000*
Revenue		
Sale of properties	**668,547**	570,447
Property management fees	**16,028**	13,566
Rental income	**71,284**	66,065
Revenue from district cooling services	**26,791**	19,777
Transfer fee income	**12,594**	17,510
Facility management services and others	**66,629**	61,251
	861,873	748,616
Cost of revenue		
Cost of properties sold, net	**440,402**	395,357
Operating cost of rental properties	**58,189**	58,818
Cost of district cooling services	**21,447**	17,302
Cost of facility management services	**25,385**	22,817
	545,423	494,294

6 REVENUE AND COST OF REVENUE continued

In arriving at the cost of properties sold, the Company has taken into account that the Government related entities will reimburse the infrastructure costs incurred by the Company on various developments amounting to AED 561 million. The management supported by the Board of Directors is in discussions with Abu Dhabi Water and Electricity Authority and other government related entities relating to recovery of infrastructure costs. The Company received an amount of AED 70 million up till the year ended 31 December 2014 and the remaining AED 491 million have been claimed. The Company is also negotiating a transfer of parcel of land from the Government Authorities in exchange for the claimed amounts.

7 FINANCE COSTS

	2017 AED'000	*2016 AED'000*
Finance costs incurred during the year	**75,807**	65,662
Unwinding of discount of payable	**8,481**	19,886
Unwinding of discount of receivable	**(12,029)**	-
Finance cost charged to income statement	**(52,479)**	(54,904)
Finance cost capitalized (note 14)	**19,780**	30,644

8 EXPENSES

8.1 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 AED'000	*2016 AED'000*
Payroll and employees related expenses	**40,848**	60,381
Depreciation	**3,034**	2,501
Rent expense	**2,297**	4,988
Professional and legal charges	**5,392**	3,588
Commission expenses	**-**	724
Transportation expenses	**530**	944
Communication expenses	**2,022**	1,154
Other expenses	**12,061**	10,475
	66,184	84,755

8.2 SELLING AND MARKETING EXPENSES

	2017 AED'000	*2016 AED'000*
Mall advertisements	**714**	1,277
Project and others	**10,012**	9,780
	10,726	11,057

9 OTHER INCOME

	2017 AED'000	2016 AED'000
Others	728	576

10 CASH AND CASH EQUIVALENTS

	2017 AED'000	2016 AED'000
Cash and bank balances	128,564	179,967
Restricted deposits	1,025	25
	129,589	179,992
Restricted deposits	(1,025)	(25)
	128,564	179,967

Included in cash and bank balances are bank deposits of AED 1,025 thousand (2016: AED 25 thousand) held with an Islamic bank in Abu Dhabi. They can only be utilised for certain specific activities.

11 TRADE AND OTHER RECEIVABLES

	2017 AED'000	2016 AED'000
Trade receivables	86,484	72,652
Provision for impaired receivables	(1,523)	(1,222)
	84,961	71,430
Prepayments	47,093	41,697
Advances to contractors	36,341	88,837
Receivable from sale of properties (*)	820,004	433,308
Receivable for concept and detailed design fee (note 24)	57,319	123,871
Advances for purchase of real estate properties	-	16,400
Rent receivable	25,953	25,279
Others	4,901	9,915
	1,076,572	810,737

As at 31 December 2017, trade receivables at nominal value of AED 1,523 thousand (2016: AED 1,222 thousand) were impaired.

* Receivable from sale of properties include AED 67,476 thousand (2016: AED 58,876 thousand) receivable from related parties (note 24).

11 TRADE AND OTHER RECEIVABLES continued

Movements in the provision for impairment of trade receivables were as follows:

	2017 *AED'000*	*2016* *AED'000*
At 1 January	**1,222**	993
Charge for the year	**301**	229
At 31 December	**1,523**	1,222

As at 31 December, the ageing of unimpaired trade receivables and receivables from sale of properties is as follows:

			Past due but not impaired				
	Total *AED'000*	*Neither past due nor imparied* *AED'000*	*< 30 days* *AED'000*	*31 - 90 days* *AED'000*	*91 – 180 days* *AED'000*	*181 – 365 days* *AED'000*	*> 365 days* *AED'000*
2017	**904,965**	**659,338**	**222,461**	**9,499**	**5,671**	**4,642**	**3,354**
2016	504,738	367,741	124,076	5,298	3,163	2,589	1,871

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.

12 PROPERTIES HELD FOR SALE

Properties held for sale comprise:

	2017 *AED'000*	*2016* *AED'000*
Commercial properties	**5,902**	5,902

13 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2017 *AED'000*	*2016* *AED'000*
Unquoted equities	**-**	1,980

Geographical concentration of investments is as follows:

Outside UAE	**-**	1,980

14 DEVELOPMENT WORK-IN-PROGRESS

Development work-in-progress represents development and construction-related costs incurred on properties being constructed by the Group for sale in the ordinary course of business. The movement during the year is as follows:

	2017 AED'000	2016 AED'000
Balance at 1 January	**190,617**	262,760
Additions during the year	**361,082**	225,246
Finance cost capitalized (note 7)	**19,780**	30,644
Reversal of impairment	-	30,819
Cost of properties sold during the year	**(399,375)**	(358,852)
Balance at 31 December	**172,104**	190,617

15 INVESTMENT PROPERTIES

Investment properties comprise the following:

	2017 AED'000	2016 AED'000
Residential properties	**318,765**	122,217
Commercial properties	**1,451,395**	1,554,289
	1,770,160	1,676,506

Commercial properties
The Company signed an agreement (the "agreement") with a related party in prior years in respect of a property located in Abu Dhabi. Under the agreement, the Company is required to construct, develop and manage the property. In return, the Company is entitled to the gross lease income net of operating cost arising from the property after deduction of a payment of 30% of "net profit" (as defined in the agreement) to the related party for a period of 30 years.

The consideration paid by the Company has been included as part of the cost of the property. The agreement contains a lease in accordance with IFRIC 4 - *Determining whether an Arrangement contains a Lease* and is held under operating leases. Accordingly, the property has been classified under Investment Property with changes in fair value based on the Company's entitlement arising from the agreement taken to the consolidated income statement.

15 INVESTMENT PROPERTIES continued

Movement in investment properties during the year is as follows:

	2017 *AED'000*	*2016* *AED'000*
Balance at 1 January	**1,676,506**	1,581,034
Additions	**192,281**	6,661
Disposals	**(103,644)**	-
Changes in fair value during the year, net	**5,017**	88,811
Balance at 31 December	**1,770,160**	1,676,506

The fair value of investment properties at 31 December 2017 has been arrived at on the basis of a valuation carried out by independent real estate valuation consultants. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards and the relevant statements of the International Valuations Standards, was arrived at by using recognised valuation methods comprising the Comparative Method of Valuation, Income Capitalisation Method and Hypothetical Development Approach.

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16 PROPERTY, PLANT AND EQUIPMENT

	Office building AED'000	Furniture and fixtures AED'000	District cooling plant AED '000	Leasehold building improvement AED'000	Computers and software AED'000	Office equipment AED'000	Motor vehicles AED'000	* Capital work in progress AED'000	Total AED'000
2017									
Cost / revaluation:									
At 1 January 2016	19,637	34,602	288,075	9,121	8,455	3,626	1,475	1,057,520	1,422,511
Additions	12,600	50	9,018	-	784	252	465	295	23,464
Transfers	-	871	-	1,611	-	-	-	(2,482)	-
Revaluation	-	-	-	-	-	-	-	(26,910)	(26,910)
Disposal	-	(192)	-	-	-	(2,035)	-	-	(2,227)
At 31 December 2016	32,237	35,331	297,093	10,732	9,239	1,843	1,940	1,028,423	1,416,838
Depreciation:									
At 1 January 2016	2,113	33,969	29,309	1,974	7,558	2,933	774	-	78,630
Charge for the year	1,141	649	6,911	827	256	232	306	-	10,322
Disposal	-	(192)	-	-	-	(2,035)	-	-	(2,227)
At 31 December 2016	3,254	34,426	36,220	2,801	7,814	1,130	1,080	-	86,725
Net carrying amount:									
At 31 December 2016	28,983	905	260,873	7,931	1,425	713	860	1,028,423	1,330,113
2016									
Cost / revaluation:									
At 1 January 2016	21,587	34,509	288,075	6,811	8,406	3,322	953	1,057,956	1,421,619
Additions	-	93	-	495	124	304	522	1,379	2,917
Transfers	-	-	-	1,815	-	-	-	(1,815)	-
Disposal	(1,950)	-	-	-	(75)	-	-	-	(2,025)
At 31 December 2016	19,637	34,602	288,075	9,121	8,455	3,626	1,475	1,057,520	1,422,511
Depreciation:									
At 1 January 2016	1,638	33,511	22,662	1,447	6,887	2,705	534	-	69,384
Charge for the year	729	458	6,647	527	717	228	240	-	9,546
Disposal	(254)	-	-	-	(46)	-	-	-	(300)
At 31 December 2016	2,113	33,969	29,309	1,974	7,558	2,933	774	-	78,630
Net carrying amount:									
At 31 December 2016	17,524	633	258,766	7,147	897	693	701	1,057,520	1,343,881

* Capital work in progress includes carrying amount of related land.

16 PROPERTY, PLANT AND EQUIPMENT continued

Depreciation charge for the year has been reflected in cost of revenue from district cooling services and general and administrative expenses as follows:

	2017 *AED'000*	*2016* *AED'000*
General and administrative expenses (note 8.1)	**3,034**	2,501
Cost of district cooling services (note 6)	**7,288**	7,045
	10,322	9,546

The Group uses the revaluation model of IAS 16 for certain classifications of property, plant and equipment. The revalued properties consist of land plots held by the Group as property, plant and equipment.

The fair value of land carried under revaluation model as at 31 December 2017 has been arrived at on the basis of a valuation carried out by independent real estate valuation consultant. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards and the relevant statements of the International Valuations Standards, was arrived at by using recognised valuation methods. During the year, valuation resulted in a loss of AED 26,910 thousand which was recorded in other comprehensive income.

17 SHARE CAPITAL

Share capital comprises 2,600,000 thousand (2016: 2,600,000 thousand) authorised, issued and fully paid up ordinary shares with a par value of AED 1 each.

18 STATUTORY RESERVE

In accordance with the UAE Federal Law No. (2) of 2015, 10% of the profit for the year shall be transferred to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not available for distribution.

19 TRADE AND OTHER PAYABLES

	2017 *AED'000*	*2016* *AED'000*
Trade payables	**61,871**	127,578
Notes payable	**220,739**	238,606
Dividend payable	**91,509**	91,242
Accruals	**91,169**	79,155
Due to related parties (note 24)	**5,000**	8,435
Deferred income	**7,251**	7,660
Finance costs payable	**24,333**	8,205
Refundable deposit	**14,029**	12,908
Others	**1,674**	5,371
	517,575	579,160

20 ISLAMIC FINANCING

Financing from banks is represented by the following facilities:

	Expected profit	*Maturity*	***2017 AED'000***	*2016 AED'000*
Islamic financing arrangement 1	Variable rate	2013 to 2022	**238,410**	272,350
Islamic financing arrangement 2	Variable rate	2017 to 2019	**174,000**	-
Islamic financing arrangement 3	Variable rate	2016 to 2017	**200,000**	100,000
Islamic financing arrangement 4	Variable rate	2016 to 2023	**470,000**	470,000
Islamic financing arrangement 5	Variable rate	2016 to 2023	**417,000**	417,000
			1,499,410	1,259,350

Movements in Islamic financing during the year are as follows:

	2017 AED'000	*2016 AED'000*
Balance at the beginning of the year	**1,259,350**	1,040,836
Islamic financing obtained	**310,000**	262,064
Islamic financing paid	**(69,940)**	(43,550)
Balance at the end of the year	**1,499,410**	1,259,350

Islamic financing are secured by a number of security documents including registered mortgages over various properties in Abu Dhabi and assignment of rental proceeds.

21 ADVANCES FROM CUSTOMERS

Advances from customers represent collections made from customers in respect of sales of properties.

22 EMPLOYEES' END OF SERVICE BENEFITS

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

	2017 AED'000	*2016 AED'000*
Balance at 1 January	**3,806**	3,706
Charge for the year	**1,756**	1,043
Paid during the year	**(450)**	(943)
Balance at 31 December	**5,112**	3,806

23 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in calculating the basic and diluted earnings per share computations:

	2017	*2016*
Profit for the year attributable to ordinary equity holders of the Company for basic and diluted earnings per share (*AED '000*)	**220,550**	206,516
Weighted average number of ordinary shares (*'000*)	**2,600,000**	2,600,000
Basic and diluted earnings per share *(AED)*	**0.085**	0.079

The Group does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised.

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

These represent transactions with related parties, i.e. associated companies, major shareholders, directors and key management personnel of the Company and and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the management.

Balances with related parties as at the end of the reporting period comprise:

	2017 AED'000	*2016 AED'000*
Due from related parties (note 11):		
Receivable from directors and key management personnel at handover of units	**67,476**	58,876
Receivable for concept and detailed design fee	**57,319**	123,871
Due to related parties:		
Directors	**5,000**	8,000
Others	**-**	435
Total amount due to related parties (note 19)	**5,000**	8,435

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

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

	2017 *AED'000*	*2016* *AED'000*
Ancillary fees for the Board of Directors' special efforts	**18,000**	18,500
Key management remuneration	**17,448**	17,939
Number of key management personnel	**10**	9
Rent expense	**2,600**	4,040
Gain on disposal of property, plant and equipment	**-**	1,204
Purchase of investment property and office building	**24,000**	-

25 CONTINGENCIES AND COMMITMENTS

Commitments
Development expenditure contracted for at the end of the reporting period but not provided for is as follows:

	2017 *AED'000*	*2016* *AED'000*
Development work-in-progress, investment properties under construction and capital work in progress	**112,174**	549,000

Contingent liabilities
There are certain claims under litigation against the Group. Although it is not possible at this time to predict the outcome of these claims, management does not expect that these claims will have a material adverse effect on the Group's financial position.

26 RISK MANAGEMENT

26.1 Capital management

The Group's policy is to maintain a strong capital base to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of healthy capital ratios.

The Group's strategy for monitoring capital is based on the gearing ratio. This ratio is calculated as net debt divided by total equity.

Gearing ratio

	2017 *AED'000*	*2016* *AED'000*
Islamic financing	**1,499,410**	1,259,350
Bank balances and cash	**(129,589)**	(179,992)
Net debt	**1,369,821**	1,079,358
Equity attributable to owners of the Company	**2,890,411**	2,802,751
Gearing ratio (%)	**47%**	39%

The Group's policy is to keep its gearing ratio within acceptable limits. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

26.2 Financial risk management objectives

The Group is exposed to credit risk, liquidity risk, market risk and profit rate risk. The Group's treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group by analysing exposures by degree and magnitude of risks.

26.3 Market risk

Market risk arises from fluctuations in profit rates and currency rates. The management monitors the market risk on an ongoing basis and on any significant transaction. Market risk is further analysed into profit rate risk and equity price risk.

26.4 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the value of financial instruments. The Group is exposed to profit rate risk on its profit-bearing assets and liabilities (Islamic financing).

Profit rates on Islamic financing are constantly monitored for adverse events and further repriced when an appropriate opportunity arises.

Islamic financing carry variable profit rates, however these are subject to a minimum expected fixed profit rate.

26 RISK MANAGEMENT continued

26.5 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. Equity price risk arises from equity instruments held as fair value through other comprehensive income. Management of the Group monitors equity securities in its investment portfolio based on changes in fair values. Material investments within the portfolio are managed by qualified fund managers as well as on an individual basis. All buy and sell decisions related to investments are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on other comprehensive income as a result of change in fair value of equity instruments held at fair value through other comprehensive income at 31 December 2017 due to reasonably possible change in fair values, with all other variables held constant, is as follows:

	2017 %	***2017 Effect on other comprehensive income AED'000***	*2016 %*	*2016 Effect on other comprehensive income AED'000*
Change in fair value	+10%	-	+10%	198
Change in fair value	- 10%	-	- 10%	(198)

26.6 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables are reviewed on an ongoing basis and provision made for doubtful debts as and when required. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Geographically 100 percent (2016: 100 percent) of the Group's trade receivables are based in United Arab Emirates. Its five largest receivables account for 70% of the trade receivables as of 31 December 2017 (2016: 70%).

The Group has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalments dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk on liquid funds is limited because the counterparties are reputable local banks closely monitored by the regulatory body. The carrying amount reflected in these consolidated financial statements represents the Group's maximum exposure to credit risk for such receivables.

26 RISK MANAGEMENT continued

26.7 Liquidity risk

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve financing facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted repayment arrangements was as follows:

	Up to 1 month AED'000	*1 to 6 months AED'000*	*6 to 12 months AED'000*	*Over 1 year AED'000*	*Total AED'000*
At 31 December 2017					
Trade and other payables	**6,855**	**75,600**	**435,120**	**-**	**517,575**
Retentions payable	**-**	**-**	**30,425**	**-**	**30,425**
Islamic financing	**-**	**71,868**	**90,968**	**1,596,376**	**1,759,212**
Total	**6,855**	**147,468**	**556,513**	**1,596,376**	**2,307,212**
At 31 December 2016					
Trade and other payables	133,805	166,706	49,849	238,377	588,107
Retentions payable	450	10,030	12,789	-	23,269
Islamic financing	26,137	98,140	72,015	2,021,556	2,217,848
Total	160,392	274,876	134,653	2,259,933	2,829,224

26.8 Maturity profile

The maturity profile of the assets and liabilities at 31 December 2017 was as follows:

		Amounts expected to be recovered or settled	
	Total AED'000	***Within 12 months of balance sheet AED'000***	***After 12 months of balance sheet AED'000***
Bank balances and cash	**129,589**	**129,589**	**-**
Trade and other receivables	**1,076,572**	**1,076,572**	**-**
Properties held for sale	**5,902**	**-**	**5,902**
Investments carried at fair value through other comprehensive income	**-**	**-**	**-**
Development work-in-progress	**172,104**	**12,301**	**159,803**
Recoverable infrastructure costs	**491,017**	**150,000**	**341,017**
Investment properties	**1,770,160**	**-**	**1,770,160**
Property, plant and equipment	**1,330,113**	**-**	**1,330,113**
TOTAL ASSETS	**4,975,457**	**1,368,462**	**3,606,995**
LIABILITIES			
Trade and other payables	**517,575**	**517,575**	**-**
Retentions payable	**30,425**	**30,425**	**-**
Islamic financing	**1,499,410**	**305,539**	**1,193,871**
Advances from customers	**33,701**	**33,701**	**-**
Employee's end of service benefits	**5,112**	**-**	**5,112**
TOTAL LIABILITIES	**2,086,223**	**887,240**	**1,198,983**

26 RISK MANAGEMENT continued

26.8 Maturity profile continued

The maturity profile of the assets and liabilities at 31 December 2016 was as follows:

		Amounts expected to be recovered or settled	
	Total	*Within 12 months of balance sheet*	*After 12 months of balance sheet*
	AED'000	*AED'000*	*AED'000*
Bank balances and cash	179,992	179,992	-
Trade and other receivables	810,737	706,366	104,371
Properties held for sale	5,902	-	5,902
Investments carried at fair value through other comprehensive income	1,980	-	1,980
Development work-in-progress	190,617	33,326	157,291
Recoverable infrastructure costs	491,017	150,000	341,017
Investment properties	1,676,506	-	1,676,506
Property, plant and equipment	1,343,881	-	1,343,881
TOTAL ASSETS	4,700,632	1,069,684	3,630,948
LIABILITIES			
Trade and other payables	579,160	362,084	217,076
Retentions payable	23,269	23,269	-
Islamic financing	1,259,350	133,941	1,125,409
Advances from customers	33,473	33,473	-
Employee's end of service benefits	3,806	-	3,806
TOTAL LIABILITIES	1,899,058	552,767	1,346,291

27 FAIR VALUE

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, investments and trade and other receivables. Financial liabilities of the Group include trade and other payables, retentions payable, due to related parties and Islamic financing. The fair values of the financial assets and liabilities are not materially different from their carrying values.

Fair value measurement recognised in the consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of assets 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.

27 FAIR VALUE continued

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy:

	Level 1 *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*	*Total* *AED'000*
2017:				
Investment properties	-	-	**1,770,160**	**1,770,160**
Investments carried at fair value through OCI	-	-	-	-
Total	-	-	**1,770,160**	**1,770,160**
2016:				
Investment properties	-	-	1,676,506	1,676,506
Investments carried at fair value through OCI	-	-	1,980	1,980
Total	-	-	1,678,486	1,678,486

The following table shows a reconciliation of all movements in the fair value of assets categorised within Level 3.

	2017 *AED'000*	*2016* *AED'000*
Balance as at 1 January	**1,678,486**	1,588,450
Additions during the year	**192,281**	6,661
Disposals	**(103,644)**	-
Net changes in fair value	**3,037**	83,375
Balance as at 31 December	**1,770,160**	1,678,486

Investment properties amounting to AED 1,746 million (2016: AED 1,654 million) have been valued using income capitalisation and hypothetical development approach methods using the following unobservable inputs:

	2017	*2016*
Discount rate (%)	**7.9% - 11.41%**	7.9% - 11.41%
Rent per sqm (AED)	**600 - 4,000**	600 - 4,000
Rental growth rate (%)	**1% - 3%**	1% - 3%
Occupancy rates (%)	**46% - 100%**	46% - 100%

Investment properties amounting to AED 24 million (2015: AED 24 million) have been valued using comparable method of valuation.

Significant parts of the financial investments classified under Level 3 are valued using inputs from external fund managers and it is not practical to disclose the sensitivity of inputs to the valuation techniques used.

During the years ended 31 December 2017 and 2016, 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.

28 SEGMENT INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary reporting format, business segments, reflects the manner in which financial information is evaluated by the Board of Directors and the management. Business segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the management of the Company for allocation of resources and performance assessment. Segment performance is evaluated based on gross profit and changes in fair values of investment properties.

28.1 Business Segments

For financial reporting purposes, the Group is organised into five main operating segments:

- Property development and sales
- Investment properties portfolio
- Property management and related activities
- District cooling services
- Facility management

28 SEGMENT INFORMATION continued

28.1 Business Segments continued

The following table represents the revenue and profit information for the Group's operating segments for the year ended 31 December 2017 and 31 December 2016.

Year ended 31 December 2017

	Property development and sales AED '000	*Investment properties portfolio AED '000*	*Property Management fees and related activities AED '000*	*District cooling services AED '000*	*Facility management and others AED '000*	*Group AED '000*
Revenue	668,547	71,284	28,622	26,791	66,629	861,873
Cost of revenue	(440,402)	(58,189)	-	(21,447)	(25,385)	(545,423)
Gain on disposal of investment properties	-	45,744	-	-	-	45,744
Changes in the fair value of investment properties	-	5,017	-	-	-	5,017
Segment profit	228,145	63,856	28,622	5,344	41,244	367,211
Selling and marketing expenses						(10,726)
General and administrative expenses						(66,184)
Finance costs						(52,479)
Ancillary fees for the Board of Directors' special efforts						(18,000)
Other income						728
Profit for the year						220,550

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28 SEGMENT INFORMATION continued

28.1 Business Segments continued

Year ended 31 December 2016

	Property development and sales AED '000	*Investment properties portfolio AED '000*	*Property management fees and related activities AED '000*	*District cooling services AED '000*	*Facility management and others AED '000*	*Group AED '000*
Revenue	570,447	66,065	31,076	19,777	61,251	748,616
Cost of revenue	(395,357)	(58,818)	-	(17,302)	(22,817)	(494,294)
Reversal of impairment impariment loss on development work-in-progress	30,819	-	-	-	-	30,819
Changes in the fair value of investment properties	-	88,811	-	-	-	88,811
Segment profit	205,909	96,058	31,076	2,475	38,434	373,952
Selling and marketing expenses						(11,057)
General and administrative expenses						(84,755)
Finance costs						(54,904)
Ancillary fees for the Board of Directors' special efforts						(18,500)
Gain on disposal of property, plant and equipment						1,204
Other income						576
Profit for the year						206,516

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31 December 2017

28 SEGMENT INFORMATION continued

28.1 Business Segments continued

The following table represents the assets and liabilities for the Group's operating segments as at 31 December 2017 and 31 December 2016.

	Property development and sales AED '000	*Investment properties portfolio AED '000*	*Property management fees and related activities AED '000*	*District Cooling Services AED '000*	*Facility management and others AED '000*	*Total segments AED '000*	*Unallocated AED '000*	*Consolidated AED '000*
As at 31 December 2017								
Assets	**2,741,953**	**1,779,974**	**42,436**	**260,936**	**68,656**	**4,893,955**	**81,502**	**4,975,457**
Liabilities	**(1,809,254)**	**(221,652)**	**(9,510)**	**(6,427)**	**(7,768)**	**(2,054,611)**	**(31,612)**	**(2,086,223)**
As at 31 December 2016								
Assets	2,570,156	1,704,361	34,779	279,849	54,045	4,643,190	57,443	4,700,633
Liabilities	(1,550,917)	(273,991)	(10,510)	(16,381)	(7,767)	(1,859,566)	(39,492)	(1,899,058)

28 SEGMENT INFORMATION continued

28.2 Geographical segments

The Group operated only in two geographical segments, i.e., United Arab Emirates and Jordan.

	2017		*2016*	
	Total income AED '000	***Total assets AED '000***	*Total income AED '000*	*Total assets AED '000*
United Arab Emirates	**861,873**	**4,846,104**	748,616	4,573,514
Jordan	**-**	**129,353**	-	127,119
	861,873	**4,975,457**	748,616	4,700,633

29 DIVIDEND

Dividend of 0.04 per share amounting to AED 104 million were declared relating ot the year 2017 was approved by the shareholders in the Annual General Meeting on 18 May 2017. (2016: Bonus share of 0.04 shares for every share were declared amounting to AED 100 million relating to year 2015 was approved by the shareholders in the Annual General Meeting held on 24 April 2016).

30 SOCIAL CONTRIBUTIONS

The social contributions (including donations and charity) made during the year amount to AED Nil (2016: AED 0.1 million).

31 ACQUISITION OF NON CONTROLLING INTEREST

During 2014, the Company entered into an agreement with the minority shareholders of Manazel Specialist Real Estate LLC and Census International Company LLC and acquired the shares held by the minority shareholders for a consideration of AED 176,918 thousand. The transaction has resulted in increasing Company's shareholding in these two subsidiaries to 100%. The difference between the share of the net assets acquired and the consideration paid has been charged to equity.

32 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation. Such reclassifications have no effect on the previously reported profit or equity of the Company.