Investment Corporation of Dubai
and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF INVESTMENT CORPORATION OF DUBAI

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Investment Corporation of Dubai ("ICD") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Y

Signed by:
Anthony O' Sullivan
Partner
Registration No. 687

31 May 2016

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2015

	Notes	***2015 AED'000***	*2014 AED'000*
Continuing operations			
Revenues	40	**177,383,371**	192,058,903
Cost of revenues		**(135,133,533)**	(156,796,552)
		42,249,838	35,262,351
Other income	3	**5,863,355**	9,434,891
Net gain from derivative instruments		**509,497**	544,913
General, administrative and other expenses		**(20,572,276)**	(18,660,117)
Net impairment losses on financial assets and equity accounted investees	4	**(3,858,175)**	(6,204,900)
Other finance income	5	**1,038,495**	820,925
Other finance costs	6	**(3,603,169)**	(3,470,628)
Share of results of associates and joint ventures - net	15	**4,004,926**	4,656,750
PROFIT FOR THE YEAR BEFORE INCOME TAX FROM CONTINUING OPERATIONS	40	**25,632,491**	22,384,185
Income tax expense - net	7	**(471,216)**	(80,750)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**25,161,275**	22,303,435
Discontinued operations			
Profit for the year from discontinued operations	23	**2,290,523**	6,163,409
PROFIT FOR THE YEAR	8	**27,451,798**	28,466,844
Attributable to:			
The equity holder of ICD		**22,896,098**	23,785,204
Non-controlling interests		**4,555,700**	4,681,640
		27,451,798	28,466,844

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Year ended 31 December 2015

	Notes	***2015*** ***AED'000***	*2014* *AED'000*
PROFIT FOR THE YEAR		**27,451,798**	28,466,844
Other comprehensive income			
Other comprehensive income that are / to be reclassified to income statement in subsequent periods:			
Net movement in fair value of available-for-sale investments		**(1,375,137)**	962,641
Net movement in fair value of cash flow hedges		**(687,531)**	226,140
Cash flow hedge reserves relating to discontinued operations reclassified to income statement	23	**-**	(2,378,077)
Foreign currency translation differences (net)		**(307,471)**	(301,060)
Group's share in other comprehensive income of equity accounted investees		**(422,671)**	(1,043,299)
Net other comprehensive income that are / to be reclassified to income statement in subsequent periods		**(2,792,810)**	(2,533,655)
Other comprehensive income not to be reclassified to income statement in subsequent periods:			
Actuarial gain / (loss) on defined benefit plans	27	**31,078**	(187,114)
Group's share in actuarial loss on defined benefit plans of equity accounted investees	15 and 27	**(49,754)**	(21,927)
Net other comprehensive income not to be reclassified to income statement in subsequent periods		**(18,676)**	(209,041)
Other comprehensive income for the year		**(2,811,486)**	(2,742,696)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**24,640,312**	25,724,148
Attributable to:			
The equity holder of ICD		**20,374,704**	21,082,006
Non-controlling interests		**4,265,608**	4,642,142
		24,640,312	25,724,148

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Notes	***2015 AED'000***	*2014 AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	11	**134,112,103**	125,266,550
Intangible assets	12	**25,122,198**	27,358,858
Investment properties	13	**8,590,214**	8,001,250
Development properties	14	**326,194**	491,864
Investments in associates and joint ventures	15	**39,567,547**	38,022,686
Investments in marketable securities	16	**20,652,573**	29,125,832
Other non-current assets	17	**23,203,530**	21,881,541
Islamic financing and investment products	20	**31,531,485**	26,715,715
Loans and receivables	21	**78,315,082**	87,123,209
Cash and deposits with banks	22	**3,176,279**	2,615,477
Positive fair value of derivatives	29	**2,410,954**	914,802
Deferred tax assets	7	**125,487**	189,057
		367,133,646	367,706,841
Current assets			
Investments in marketable securities	16	**6,196,263**	3,522,022
Inventories	18	**8,368,332**	9,676,657
Trade and other receivables	19	**29,039,325**	32,004,877
Islamic financing and investment products	20	**26,990,973**	15,233,070
Loans and receivables	21	**144,597,951**	120,768,702
Cash and deposits with banks	22	**131,970,401**	118,358,116
Positive fair value of derivatives	29	**1,123,452**	1,148,515
Customer acceptances		**3,712,749**	3,859,864
		351,999,446	304,571,823
Assets of disposal group classified as held for sale	23	**955,791**	-
		352,955,237	304,571,823
TOTAL ASSETS		**720,088,883**	672,278,664

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2015

	Notes	*2015* *AED'000*	*2014* *AED'000*
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	24	**65,105,154**	64,582,949
Retained earnings		**82,717,005**	71,266,173
Other reserves	26	**14,208,495**	16,132,992
		162,030,654	151,982,114
Non-controlling interests	35	**34,239,501**	38,043,933
Total equity		**196,270,155**	190,026,047
Non-current liabilities			
Employees' end of service benefits	27	**3,227,677**	2,693,687
Borrowings and lease liabilities	28	**111,444,697**	112,960,386
Negative fair value of derivatives	29	**2,570,526**	1,563,794
Other non-current payables	30	**8,323,213**	5,668,334
Customer deposits	32	**3,563,547**	6,671,593
Islamic customer deposits	33	**16,323,653**	13,335,455
Deferred tax liabilities	7	**675,541**	1,067,624
Repurchase agreements with banks	34	**248,334**	-
		146,377,188	143,960,873
Current liabilities			
Employees' end of service benefits	27	**5,117**	4,146
Borrowings and lease liabilities	28	**63,359,174**	50,507,803
Negative fair value of derivatives	29	**1,452,018**	757,308
Trade and other payables	31	**70,424,782**	70,492,339
Customer deposits	32	**197,854,103**	179,038,091
Islamic customer deposits	33	**39,955,798**	32,969,514
Repurchase agreements with banks	34	**-**	35,369
Current income tax liabilities		**356,047**	627,310
Customer acceptances		**3,712,749**	3,859,864
		377,119,788	338,291,744
Liabilities of disposal group classified as held for sale	23	**321,752**	-
		377,441,540	338,291,744
Total liabilities		**523,818,728**	482,252,617
TOTAL EQUITY AND LIABILITIES		**720,088,883**	672,278,664

.... Director

.... Director

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2015

	Notes	***2015*** ***AED'000***	*2014* *AED'000*
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**25,632,491**	22,384,185
Profit before tax from discontinued operations		**2,283,577**	6,157,077
		27,916,068	28,541,262
Adjustments for:			
Depreciation and impairment on property, plant and equipment and investment properties	8	**12,240,059**	11,137,242
Reversal of impairment loss on non-financial assets	3	**(6,007)**	(112,917)
Impairment allowance on loans and receivables - net	4	**2,198,658**	3,287,371
Impairment allowance on Islamic financing and investment products - net	4	**937,879**	1,377,781
Amortisation and impairment of intangible assets and advance lease rental	8	**1,051,862**	1,091,771
Net gain on disposal of property, plant and equipment, investment properties, intangible assets and sale and leaseback of aircraft	3	**(524,680)**	(508,805)
Net (loss) / gain in fair value of investments carried at fair value through profit or loss	3	**26,010**	(103,710)
Impairment loss on available-for-sale investments		**180,061**	640,758
Other finance income		**(1,038,495)**	(820,925)
Other finance costs		**3,603,169**	3,719,282
Provision for employees' end of service benefits	27	**1,103,564**	979,698
Impairment loss on investments in associates and joint ventures	4	**-**	406,899
Gain on disposal of stake in an indirect associate	3	**-**	(3,033,058)
Reserves relating to discontinued operations reclassified to income statement		**-**	(2,378,077)
Share of results of associates and joint ventures - net	15	**(4,004,926)**	(4,656,750)
Gain on disposal of subsidiaries	23	**(2,072,717)**	(3,089,993)
Net gain on sale of marketable securities	3	**(245,180)**	(580,659)
Gain on bargain purchase upon acquisition of subsidiaries	3	**(737,186)**	(38,488)
		40,628,139	35,858,682
Working capital changes:			
Inventories		**244,317**	1,126,294
Trade and other receivables		**4,940,733**	(1,122,484)
Trade and other payables		**(2,002,310)**	4,153,405
Loans and receivables		**(17,219,780)**	(11,653,700)
Statutory deposits (banking operations)		**(5,750,157)**	(5,678,064)
Deposits with banks with original maturity over three months (banking operations)		**(4,002,201)**	(3,614,213)
Customer deposits including Islamic customer deposits		**25,682,448**	19,490,386
Fair value of derivatives (net)		**602,754**	(253,849)
Islamic financing and investment products with original maturity over three months		**(22,975,306)**	(426,380)
Other non-current assets		**(359,152)**	(2,583,448)
Other non-current payables		**1,369,285**	666,821
Net cash from operations		**21,158,770**	35,963,450
Employees' end of service benefits paid	27	**(822,757)**	(717,747)
Income tax paid		**(931,122)**	(640,021)
Exchange translation reserve and other movements		**563,228**	166,309
Net cash generated from operating activities		**19,968,119**	34,771,991

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)
Year ended 31 December 2015

	Notes	***2015 AED'000***	*2014 AED'000*
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and development properties		**(17,565,071)**	(17,510,586)
Acquisition of non-controlling interest in an indirect subsidiary	35	**(10,743,748)**	-
Acquisition of additional non-controlling interest in a direct subsidiary		**(91,875)**	-
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties, development properties and sale and leaseback of aircraft		**6,223,888**	1,247,664
Transfer / acquisition of subsidiaries – net of cash acquired	9 and 10	**(703,156)**	(2,907,625)
Other finance income received (non-banking operations)		**1,038,495**	820,925
Acquisition of discontinued operations	23 (b)	**(3,675)**	-
Proceeds from disposal of a discontinued operation		**5,007,794**	7,016,358
Proceeds from sale of available-for-sale investments	15 (c)	**7,404,879**	-
Proceeds from partial disposal of stake in an indirect associate of the Group		**-**	1,024,112
Net of other movement in investment in marketable securities		**(3,744,725)**	712,902
Investment in associates and joint ventures		**(1,078,766)**	(1,387,237)
Dividend from associates and joint ventures	15	**1,768,854**	3,785,547
Net movement in deposits with banks with original maturity over three months (non-banking operations)		**10,630,540**	(23,451,049)
Net cash used in investing activities		**(1,856,566)**	(30,648,989)
FINANCING ACTIVITIES			
Distributions paid to the Government	25	**(6,830,793)**	(2,701,828)
Issuance of Tier 1 Capital Notes by a banking subsidiary		**-**	1,828,579
Interest on Tier 1 Capital Notes issued by a banking subsidiary		**(590,731)**	(506,571)
Net movement in borrowings and lease liabilities		**2,141,810**	12,814,679
Net movement in repurchase agreements with banks		**212,965**	(31,760)
Other finance costs paid (non-banking operations)		**(3,603,169)**	(3,719,282)
Directors' fees paid		**(35,312)**	(21,133)
Dividend paid to the non-controlling interests		**(1,283,356)**	(1,218,604)
Net cash (used in) / generated from financing activities		**(9,988,586)**	6,444,080
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,122,967**	10,567,082
Cash and cash equivalents at the beginning of the year		**25,745,978**	15,178,896
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	**33,868,945**	25,745,978

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Attributable to the equity holder of ICD					
	Capital AED'000 (see note 24)	*Retained earnings AED'000*	*Other reserves AED'000 (see note 26)*	*Total AED'000*	*Non-controlling interests AED'000 (see note 35)*	*Total equity AED'000*
Balance at 1 January 2015	64,582,949	71,266,173	16,132,992	151,982,114	38,043,933	190,026,047
Profit for the year	-	22,896,098	-	22,896,098	4,555,700	27,451,798
Other comprehensive income for the year	-	179,701	(2,701,095)	(2,521,394)	(290,092)	(2,811,486)
Total comprehensive income for the year	**-**	**23,075,799**	**(2,701,095)**	**20,374,704**	**4,265,608**	**24,640,312**
Contribution from the Government of Dubai ("Government") (see note 9)	522,205	-	-	522,205	-	522,205
Distributions paid to the Government (see note 25)	-	(6,858,424)	-	(6,858,424)	-	(6,858,424)
Directors' fees in subsidiaries, associates and joint ventures	-	(26,152)	-	(26,152)	(9,160)	(35,312)
Dividend paid to the non-controlling interests	-	-	-	-	(1,283,356)	(1,283,356)
Interest on Tier 1 capital notes	-	-	-	-	(590,731)	(590,731)
Transfers	-	(174,381)	169,332	(5,049)	5,049	-
Arising on acquisition of subsidiaries (see note 10)	-	-	-	-	689,952	689,952
Change in ownership (see note 10 (f))	-	340,364	(1,709)	338,655	(430,530)	(91,875)
Increase in non-controlling interests	-	-	-	-	32,663	32,663
Upon acquisition of non-controlling interest in an indirect subsidiary (see note 35.2)	-	(4,747,574)	438,916	(4,308,658)	(6,435,090)	(10,743,748)
Arising on dilution of investment in an indirect associate	-	(20,067)	165,865	145,798	-	145,798
Upon disposal of an indirect subsidiary	-	(158)	4,230	4,072	(99,203)	(95,131)
Other movements	-	(138,575)	(36)	(138,611)	50,366	(88,245)
Balance at 31 December 2015	**65,105,154**	**82,717,005**	**14,208,495**	**162,030,654**	**34,239,501**	**196,270,155**

The attached notes 1 to 42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2015

	Attributable to the equity holder of ICD						
	Capital AED'000 (see note 24)	*Retained earnings AED'000*	*Other reserves AED'000 (see note 26)*	*Discontinued operations AED'000*	*Total AED'000*	*Non-controlling interests AED'000 (see note 35)*	*Total equity AED'000*
Balance at 1 January 2014	64,534,449	50,214,166	15,604,942	2,378,077	132,731,634	29,291,829	162,023,463
Profit for the year	-	23,785,204	-	-	23,785,204	4,681,640	28,466,844
Other comprehensive income for the year	-	(208,956)	(2,494,242)	-	(2,703,198)	(39,498)	(2,742,696)
Total comprehensive income for the year	-	23,576,248	(2,494,242)	-	21,082,006	4,642,142	25,724,148
Change in ownership of Tier 1 capital notes	-	-	-	-	-	4,000,000	4,000,000
Tier 1 capital notes issued	-	-	-	-	-	1,828,579	1,828,579
Increase in capital during the year	48,500	-	-	-	48,500	-	48,500
Transfer related to discontinued operations (see note 23 (d))	-	-	2,378,077	(2,378,077)	-	-	-
Distributions paid to the Government (see note 25)	-	(2,765,429)	-	-	(2,765,429)	-	(2,765,429)
Directors' fees in subsidiaries, associates and joint ventures	-	(14,745)	-	-	(14,745)	(6,388)	(21,133)
Dividend paid to the non-controlling interests	-	-	-	-	-	(1,218,604)	(1,218,604)
Interest on Tier 1 capital notes	-	-	-	-	-	(506,571)	(506,571)
Transfers	-	(642,973)	630,539	-	(12,434)	12,434	-
Change in ownership (see note 15 (b))	-	984,842	-	-	984,842	-	984,842
Other movements	-	(85,936)	13,676	-	(72,260)	512	(71,748)
Balance at 31 December 2014	64,582,949	71,266,173	16,132,992	-	151,982,114	38,043,933	190,026,047

The attached notes 1 to 42 form part of these consolidated financial statements.

1 ACTIVITIES

Investment Corporation of Dubai ("ICD"), an entity wholly owned by the Government of Dubai, was established in Dubai on 3 May 2006 under Emiri Decree 11 of 2006 issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of United Arab Emirates and The Ruler of Dubai.

ICD is a principal investment arm of the Government and was capitalised with the transfer of certain of the Government's portfolio of investments from the Department of Finance-Investments Division. ICD's role is to supervise the Government's investment portfolio, adding value through the implementation of best practice corporate governance and embracing a global investment strategy.

The address of ICD's registered office is PO Box 333888, Dubai, United Arab Emirates.

2.1 BASIS OF PREPARATION

The consolidated financial statements of ICD and its subsidiaries (together referred to as the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared on a historical cost basis, except for the measurement of available-for-sale investments and financial instruments at fair value through profit or loss (including derivative financial instruments) at fair value. The consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is ICD's functional and presentation currency and all the values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

The Group's consolidated financial statements have been approved by the Board of Directors on 31 May 2016.

Certain comparative figures for the year ended 31 December 2014 have been reclassified to conform with the current year's presentation or in accordance with the relevant requirement of IFRSs. There is no impact on profit for the year ended 31 December 2014 or equity as at that date and such reclassifications were made to achieve a clearer presentation of the consolidated financial statements.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of ICD and its subsidiaries. The list of ICD's significant subsidiaries, associates and joint ventures is provided in note 41.

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

Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

2.2 BASIS OF CONSOLIDATION (continued)

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

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous years. The Group has applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2015. The nature and the effect of changes to the consolidated financial statements as a result of such application are disclosed below:

Amendments to International Accounting Standard (IAS) 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment had no significant impact on the consolidated financial statements of the Group.

Annual Improvements 2010-2012 Cycle
With the exception of the improvement relating to IFRS 2 Share-based Payment, applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time (except when otherwise indicated) in these consolidated financial statements. They include:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods.

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarify that:

• An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and

• The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. Since the Group discloses all the segmental assets and liabilities the total of which matches to the Group's total assets and liabilities (excluding discontinued operations) (refer to note 40), such reconciliation is not required.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment had no impact on the consolidated financial statements of the Group.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment had no significant impact on the consolidated financial statements of the Group.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
• Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
• This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
The Group is not a joint arrangement, and thus this amendment is not relevant for the Group.

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. This amendment had no significant impact on the consolidated financial statements of the Group.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, and not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

2.4 INTERNATIONAL ACCOUTING STANDARD BOARD (IASB) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The adoption of IFRS 9 will have an effect on classification and measurement of the Group's financial assets, but no significant impact on the classification and measurement of the Group's financial liabilities. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. The Group is currently assessing the impact of IFRS 9 on its consolidated financial statements.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the consolidated income statement and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the consolidated financial statements have been prepared in accordance with IFRS, this standard will not have any impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases
IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard replaces the existing lease classification model of operating and finance leases and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 is applicable for annual periods beginning on or after 1 January 2019, with early application permitted. The Group is currently assessing the impact of IFRS 16 on its consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the Group.

2.4 IASB STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

Annual Improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures
(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

2.4 IASB STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 7 Financial Instruments: Disclosures (continued)
(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments will not have any significant impact on the consolidated financial statements of the Group.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

• The materiality requirements in IAS 1;
• That specific line items in the consolidated income statement, consolidated statement of other comprehensive income and the consolidated statement of financial position may be disaggregated;
• That entities have flexibility as to the order in which they present the notes to financial statements; and
• That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to consolidated income statement.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has made the following judgments, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for these portions separately. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Classification of investments in marketable securities
Management decides at the time of initial recognition of an investment whether it should be classified as held-to-maturity, held for trading, carried at fair value through profit or loss or available-for-sale.

For those investments deemed to be held-to-maturity, management ensures that the requirements of IAS 39 are met and, in particular that the Group has the intention and ability to hold these to maturity.

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investment securities to maturity. In the event a Group entity fails to keep these investments to maturity other than for the specific circumstances, such as, selling an insignificant amount close to maturity, the respective Group entity is required to reclassify the entire class as available-for-sale and is prohibited from classifying investment securities as held-to-maturity for the current and the following two financial years.

The Group classifies investments as held for trading if they are acquired primarily for the purpose of making a short-term profit.

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

All other investment securities are classified as available-for-sale.

Pension and other post employment benefits
The cost of defined benefit pension plans and other post employment medical benefits is determined using a number of ways including actuarial valuations. This process involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases and the assessment of the materiality of the amounts involved. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Fair value of financial instruments
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business reporting date. Where the fair value of the financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques including the use of various valuation models. In some cases, the Group values its unlisted investments on the basis of net assets value of the investee (based on latest available financial statements / management accounts of the investee) or their original cost, as management believes such value to be approximately equal to the fair value of unlisted investments as at the year-end. This involves significant management judgement.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Income taxes
The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Frequent flyer programme / customer loyalty programme
Certain Group's subsidiaries account for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted as a liability (deferred revenue) in the consolidated statement of financial position.

Estimation techniques are used to determine the fair value of mile credits / rewards and reflect the weighted average of a number of factors. A rolling historical trend of the past few months forms the basis of the calculations. Adjustments to the fair value of miles / rewards are also made for miles / rewards not expected to be redeemed by members and the extent to which the demand for an award cannot be met for the dates requested.

A level of judgement is exercised by management due to the diversity of inputs that go into determining the fair value of miles / rewards. It is also difficult to present the sensitivity of a change in the value of one or a set of the inputs given the complexity of the workings.

Development and production assets – depletion
One of the Group's indirect subsidiaries' share of commercial oil reserves is computed in accordance with a Production Sharing Agreement (PSA). In arriving at the carrying value of the Group's development and production assets, significant assumptions in respect of the depletion charge have been made. These significant assumptions include estimates of oil and gas reserves, future oil and gas prices, finalisation of gas sales agreement and future development costs including the cost of drilling, infrastructure facilities and other capital and operating costs.

If the gas sales were delayed to 2019, the depletion charge would increase by AED 14.3 million (USD 3.9 million) for 2015. Should there be a significant delay in signing of the gas sales agreement at appropriate commercial terms beyond 2019, it would change the timing of the recognition of the depletion charge. Inclusion of the gas reserves has deferred a current year depletion charge in the amount of AED 502.4 million (USD 136.7 million) over the remaining life of the PSA.

Effecting 1 January 2015, the Group's estimated long-term view of oil prices was based on a 5 year Brent forward curve and AED 275.6 (USD 75) per barrel in real terms thereafter. Effective 1 October 2015, the Group revised its estimated long-term view of oil prices based on a 5 year Brent forward curve and AED 257.2 (USD 70) per barrel in real terms thereafter.

Effective 1 January 2015, the Group revised its estimated long-term view of netback prices for gas from AED 1.8 (USD 0.5) per Mscf to AED 1.8 (USD 0.5) per Mscf for 5 years and stated in real terms thereafter, based on the current outlook.

If the estimate of the long-term oil price had been AED 73.5 (USD 20) per barrel higher and the netback price of gas had been AED 7.35 (USD 2) per Mscf higher from 1 January 2015, the reserves attributable to the Group would decrease, with a corresponding increase in the depletion charge of AED 203.2 million (USD 55.3 million) for the year.

If the estimate of the long-term oil price had been AED 73.5 (USD 20) per barrel lower and the netback price of gas had been AED 0.92 (USD 0.25) per Mscf lower from 1 January 2015, the reserves attributable to the Group would increase, with a corresponding decrease in the depletion charge of AED 300.98 million (USD 81.9 million) for the year.

The depletion computation assumes the continued development of the field to extract the assessed oil and gas reserves and the required underlying capital expenditure to achieve the same. For this purpose, it also assumes that a gas sales agreement will be signed and that the PSA, which is valid up to 2025, will be extended on similar terms up to 2035 under an exclusive right to negotiate for an extension period of not less than ten years, provided for in the PSA.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment losses on property, plant and equipment
The Group reviews its property, plant and equipment to assess for impairment in their carrying value, if there is an indication of impairment. In determining whether impairment losses should be reported in the consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Depreciation of property, plant and equipment
Management determines the useful lives and residual values of property, plant and equipment based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advancement or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. The Group has reviewed the residual values and useful lives of major items of property, plant and equipment and would have made adjustments where necessary.

Allowances for impairment of loans and receivables, Islamic financing and investment products
The Group reviews its loans and receivables portfolio, Islamic financing and investment products to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans or Islamic financing and investment products. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

In addition to specific allowances against individually significant loans and receivables and Islamic financing and investment products, the Group also makes a collective impairment allowance to recognise that at any reporting date, there will be an amount of loans and receivables, Islamic financing and investment products which are impaired even though a specific trigger point for recognition of the loss has not yet been evidenced (known as the "emergence period'').

Impairment of available-for-sale investments
The Group treats available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value of investments below their costs, or where other objective evidence of impairment exists giving due consideration to other factors, including normal volatility in share prices for quoted equities and the future cash flows and the discount factors for unquoted equities.

The Group follows the guidance of IAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Derivatives
The fair value of derivative instruments are obtained from quoted market prices available, from the counterparty bank, discounted cash flow models and valuation models as appropriate. The Group uses widely recognised valuation models for determining the fair value of commodity forward and option contracts and foreign exchange forward contracts. For most of these financial instruments, inputs into models are market observable.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment in the carrying values of non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit ("CGU") and selects a suitable discount rate in order to calculate the present value of those cash flows.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Valuation of intangible assets on acquisition
For each acquisition, the Group assesses the fair value of intangible assets acquired. In instances where individual fair values of assets in a group are not reliably measurable, a single asset separate from goodwill is recognised. Where an active market does not exist for an intangible asset, fair values are established using valuation techniques e.g. discounting future cash flows from the asset. In the process, estimates are made of the future cash flows, the useful life and the discount rate based on the Group's experience and expectation at the time of acquisition.

Amortisation of intangible assets
The Group assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and the historical experience. Subsequent changes in circumstances such as technological advancement, changes in the terms of the underlying contracts or prospective utilisation of the assets concerned result in the useful lives or residual values differing from initial estimates. The Group has reviewed the residual values and useful lives of major intangible assets and would have made adjustments where necessary.

Impairment of investments in associates and joint ventures (equity accounted investments)
At each reporting date, an assessment is made whether there is any objective evidence of impairment in the carrying values of investments in associates and joint ventures. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset. Considering the long term nature of these investments, the recoverable amount is determined based on value-in-use calculations. Calculating the value-in-use implies obtaining cash flow forecasts from the management of the equity accounted entities. Publicly listed companies often operate under restrictions due to the applicable listing regulations on disclosure of information to a selective group of the equity holders and, therefore for such investments, the Group develops its own estimated cash flows using publicly available data or analysts forecasts, as appropriate.

Percentage-of-completion
The Group uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed and management considers that the survey of work performed is the most appropriate measure of percentage of completion in arriving at the revenue to be recognised for the year.

Classification of operating lease
The Group has entered into aircraft leases and commercial residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these assets and so accounts for the lease contracts as operating leases.

Classification of finance lease
A lease is classified as a finance lease when substantially all the risks and rewards of ownership are transferred to the Group. In determining the appropriate classification, the substance of the transaction rather than the form is considered. Factors considered include but are not limited to the following:

- whether the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at the price that is sufficiently lower than the fair value on exercise date; and
- the lease term is for the major part of the economic life of the asset and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

Where the Group enters into the sale and leaseback transactions for aircraft, the timing and amount of profit recognised on these transactions is subject to the fair value of the aircraft at the time of sale. Judgement is required to estimate the fair value due to diversity of inputs that goes into the determination of aircraft value which includes references to third party valuations.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Sale of software license
The recognition of revenues arising from the sale of software licences and provision of professional services under the Group's accounting policies involves the exercise of management judgement in determining whether individual elements in multiple element arrangements may be recognised independently and in determining the fair value to assign to each element, or should the revenue be recognised together. Management reviews the Group's customer contracts, the terms of which can be complex, and exercises judgement in determining whether an arrangement's outcome can be estimated reliably. Management also makes estimates of the total cost of professional services, or in some instances total contract costs, which are used in determining the value of amounts recoverable and any related provisions. Estimates are continually revised based on changes in the facts relating to each arrangement.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

Provision for maintenance
The measurement of the provision for maintenance return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by the Group's subsidiary. A significant level of judgement is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. It is also difficult to present the sensitivity of a change in the value of the assumptions given the complexity of the workings.

Provision for obsolete inventory
The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recognised in the consolidated income statement, the Group makes judgements as to whether there is any observable data indicating that there are future adverse factors affecting the saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on past movement including future expected consumption or age analysis.

Contingent liability arising from litigations
Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entities under common control, business combinations and goodwill
Transactions involving entities under common control where the transaction has substance, and business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For transactions involving entities under common control where transaction does not have any substance, the Group adopts the pooling of interest method. Under the pooling of interest method, the carrying value of assets and liabilities in the books of transferor (as adjusted for the Group accounting policies), are used to account for these transactions. No goodwill is recognised as a result of the combination. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the equity 'acquired' is reflected within a merger reserve within equity.

A number of factors are considered in evaluating whether the transaction has substance including the following:

- the purpose of transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transactions are conducted at fair values;
- the existing activities of the entities involved in the transaction; and
- whether or not it is bringing entities together into a "reporting entity" that did not exist before.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Entities under common control, business combinations and goodwill (continued)
The measurement period ends as soon as the Group receives the necessary information about facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

Interest in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement, have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are those investments in distinct legal entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions.

The Group's investments in joint ventures are accounted for under the equity method of accounting.

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

The consolidated income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of joint ventures, the Group recognises its share of any changes and discloses this, where applicable, in the consolidated statement of other comprehensive income and consolidated statement of changes in equity. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Adjustments to the numbers of the joint ventures are made where necessary to ensure consistency with the policies adopted by the Group.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated income statement. When the remaining investment in joint venture constitutes significant influence, it is accounted for as an investment in associate. If the ownership in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

Investments in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for under the equity method of accounting.

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

The consolidated income statement reflects the Group's share of the results of operations of its associates. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, where applicable, in the consolidated statement of other comprehensive income and consolidated statement of changes in equity. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)
The Group's share of profit of associates is shown on the face of the consolidated income statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the Group's associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated income statement. If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

Special purpose entities
Special purpose entities (SPEs) are entities that are created to accomplish a well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, the Group is exposed to variable return, from its involvement in the SPE and has the ability to affect those returns through its controlling power in the SPE based on an evaluation of the substance of its relationship with the Group.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs, so that the Group obtains benefits from the SPE's operation
- The Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE, or
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The assessment of whether the Group has control over an SPE is carried out at inception and, reassessed at each reporting date.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax asset and liability are classified as non-current assets and liabilities, respectively.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation
The consolidated financial statements are presented in United Arab Emirates Dirhams (rounded off to the nearest thousand, unless where stated otherwise), which is ICD's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognised in the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where functional currencies of foreign operations are other than AED, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their income statements are translated at average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign entity is recognised in the consolidated income statement.

Property, plant and equipment
Property plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, and accumulated impairment in value if any. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the recognition criteria are met.

Land is not depreciated and is stated at cost less impairment, if any.

Depreciation is calculated on a straight-line basis over the useful life of property, plant and equipment as follows:

Freehold property	*14 - 60 years*
Buildings (including leasehold premises) and leasehold improvements	*3 - 50 years*
Furniture, fixture, and office equipment	*up to 20 years*
Plant, machinery equipment and vehicles	*up to 40 years*
Marine vessels	*25 years*
Aircraft - used	*5 years (residual value 0 - 20%)*
Aircraft - new	*15 – 23 years (residual value 10%)*
Aircraft held for lease	*Not to exceed 25 years from the date of manufacture (residual value 15%)*
Aircraft engines and parts	*5 - 23 years (residual value 0 - 10%)*
Aircraft engines used for rental purposes	*Based on hours flown*

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
When significant parts of items of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Major overhaul expenditure is depreciated over the shorter of the period to the next major overhaul or lease term or useful life of the asset concerned.

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 the consolidated income statement in the year the asset is derecognised.

The asset’s residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Development and production assets
Development and production assets represent the cost of developing commercial reserves and bringing them into production, together with the Exploration and Evaluation (“E&E”) expenditures incurred in finding commercial reserves transferred from intangible E&E assets.

The Group's material development and production activities are conducted in accordance with a PSA between one of the Group’s indirect subsidiaries and an agency of the relevant government. Capital and operating costs are recovered as part of the cost recovery mechanism provided for in the PSA.

Cost of development and production assets also include licence acquisition costs, development drilling, engineering and construction projects and a proportion of directly attributable administrative and overhead costs.

Inventory of drilling spares is classified under property, plant and equipment and is not depleted until it is put to use as development and production assets.

Depletion of costs capitalised is provided using the unit-of-production method, with reference to the ratio of the production during the period and the commercial reserves of the field taking into account future development expenditures necessary to bring those reserves into production. Changes in estimates affecting the unit-of-production calculations for depletion are accounted for prospectively. Gas reserves are converted into barrels of oil equivalent based on energy conversion rate for the purpose of determining the depletion charges.

At the end of each year, an assessment is made as to whether the economic value of interests is in excess of costs capitalised. Costs capitalised as depletable interests in excess of the estimated value of the Group's discounted future net revenues of its commercial reserves are impaired as additional depletion.

Exploration and evaluation assets
E&E costs are initially capitalised within “Intangible assets’. Such E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Pre-license costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the consolidated income statement as they are incurred.

E&E assets related to each exploration licence/prospect are not amortised and are carried forward until the existence (or otherwise) of commercial reserves has been established or the determination process has not been complete. If commercial reserves has been discovered, the related E&E assets are assessed for impairment and any loss is recognised in the consolidated income statement. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment and are amortised as per the Group’s depletion policy. No depletion is charged during the exploration and evaluation phase.

Tangible assets acquired for use in E&E activities are classified as property, plant and equipment. The depreciation on such a tangible asset is recorded as part of the cost of E&E assets.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Commercial reserves
Commercial reserves are estimated quantities of proven and probable oil and gas reserves that available data demonstrates, with a specified degree of certainty, to be recoverable in future from known reservoirs that are considered commercially producible. The working interest of the proven and probable commercial reserves are based on a reserves report produced by an independent engineer. Reserves estimates are reviewed by the independent engineer based on significant new data or a material change with a review of the field undertaken generally every year. The Group's entitlement to the proven and probable commercial reserves are derived based on the terms of the PSA and certain assumptions made by the management in respect of estimates of oil and gas reserves, future oil and gas prices, future development costs including the cost of drilling, infrastructure facilities, signing of the gas sales agreement and other capital and operating costs.

Capital work-in-progress
Assets in the course of construction are carried at cost less accumulated impairment losses, if any. Assets that have been commissioned but not transferred to property, plant and equipment are stated at historical cost less accumulated depreciation, and impairment losses if any.

Manufacturers' credits
Group's subsidiaries engaged in aviation business receive credits from manufacturers in connection with the acquisition of certain aircraft and engines. Depending on the nature of such credits, these credits are either recorded as a reduction to the cost of the related aircraft and engines or reduced from ongoing operating expenses. Where the aircraft are held under operating leases, these credits are deferred and reduced from the operating lease rentals on a straight line basis over the period of the related lease as deferred credits.

Aircraft held for lease
Aircraft held for lease are stated at cost less accumulated depreciation and impairment losses, if any. Aircraft held for lease are depreciated using the straight-line method over useful lives not to exceed 25 years from the date of manufacture, to estimated residual values. Residual values do not exceed 15% of cost and management reviews the residual value and useful lives annually. If either of these estimates is adjusted, future depreciation charge would be adjusted in accordance with IAS 16, Property, Plant and Equipment.

Major improvements to be performed by the Group pursuant to the lease agreement are accounted for as lease incentives and are amortised against revenue over the term of the lease, assuming no lease renewals. Lessee specific modifications to the aircraft are capitalised and also amortised against revenue over the term of the lease. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to be compliant with return conditions of flight equipment at lease termination.

Major improvements and modifications incurred for an aircraft that is off-lease are capitalised and depreciated over the remaining life of the flight equipment when these increase the future economic benefit of related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition, the Group evaluates whether the lease acquired with the aircraft is at fair market value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognised when it is determined that the acquired lease's terms are above market value; lease discounts are recognised when it is determined that the acquired lease's terms are below fair market value. Lease discounts are capitalised into other liabilities and amortised as additional rental revenue on straight-line basis over the lease term. Lease premiums are capitalised into other assets and deducted from rental revenue on a straight-line basis over the lease term.

Expenditures incurred to transfer an aircraft from one lessee to another due to either lease termination or bankruptcies are expensed.

Aircraft purchase deposits
Aircraft purchase deposits are included in capital work in progress and they represent the progress payments, including capitalised interest, with various aircraft manufacturers.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Abandonment and decommissioning costs
The PSA provides for a proportion of the proceeds of the Group’s oil production to be set aside in an escrow bank account to meet abandonment and decommissioning costs of well, platforms and other facilities. Under the terms of the PSA, all such costs will be met from this escrow fund account.

Crude oil overlifts and underlifts
Crude oil overlifts and underlifts arise on differences in quantities between the Group’s entitlement production and the production either sold or held as inventory at the reporting date. Underlifts and overlifts of entitlement to crude oil production are recorded as a receivable and payable, respectively, and are measured at market value with the corresponding entry to revenue or cost of sales respectively, such that gross profit is recognised on entitlement basis.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions, if any, will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated income statement over the period of the borrowing using the effective interest method.

Interest / profit is payable on various facilities, bank borrowings and bank loans at normal commercial rates. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure related to the qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Borrowing costs relating to the period after acquisition or construction are expensed.

Gains and losses are recognised in consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

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

Investment properties
Properties held for rental income or for capital appreciation, and/or held for undetermined future use, which are not occupied by the Group companies (properties occupied by the Group are classified under “property, plant and equipment”) are classified as investment properties. The Group has adopted the cost model for accounting for its investment properties. Accordingly, investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Land is not depreciated and is stated at cost less impairment, if any.

Cost is defined either as cost of construction, acquisition cost less accumulated depreciation and / or impairment losses at the date of inclusion. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property.

Depreciation is calculated on the straight line method to write-off the costs of investment properties over their estimated useful lives which is estimated by the management to be 15 - 50 years.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any amendment to the above is accounted for prospectively.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment properties to owner-occupied properties or vice versa, the deemed cost of property for subsequent accounting is its cost less accumulated depreciation and impairment at the date of change in use.

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected. Any gain or loss arising on derecognition of the investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated income statement in the year the asset is derecognised.

Development properties
Properties that are being constructed or developed for future use as investment properties or property, plant and equipment, are classified as development properties and are stated at cost less impairment losses, if any, until construction or development is complete. Properties in the course of construction for sale are classified as development properties and are stated at the lower of cost less accumulated impairment, or net realisable value.

Cost includes:
- Freehold and leasehold rights for land.
- Amounts paid to contractors for construction.
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, 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 complete and the estimated cost of sale.

Management reviews the carrying value of the development properties on an annual basis.

Upon completion of construction or development, it is reclassified under investment properties or property, plant and equipment depending on its future intended use. No depreciation is charged during the development period.

Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the property to be completed.

In case of real estate and development subsidiaries, the cost of land and cost incurred in the course of development relating to properties sold during the year, for which revenue is recognised, are transferred to cost of revenues.

Intangible assets (excluding goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value of intangible assets as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recorded in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill) (continued)
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates i.e. adjusted prospectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives as follows:

Service rights	*15 years*
Customer relationships	*up to 10 years*
Computer software	*1 - 10 years*
Contractual rights	*Over the term of rights*
Licenses (including trade names and exclusive rights)	*up to 50 years*

The intangible assets includes certain trademarks which have an indefinite life.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development activities is only recognised when both the identification and recognition criteria defined in IAS 38, Intangible Assets (listed below) are met:

- the technical feasibility of completing the asset so that it will be available for use;
- the Group has the intention to complete the asset and use or sell it;
- the Group has the ability to use or sell the asset;
- it is probable that the asset created will generate future economic benefits;
- adequate technical, financial and other resources are available to the Group to complete the development and to use or sell the asset; and
- the development cost of the asset can be measured reliably.

If these conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred. The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. The expenditure capitalised is from the point at which the above criteria are met up to the point at which the product is considered available for use.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. The assessment regarding useful lives of capitalised development costs is based upon several factors including typical product lifecycle for similar assets in the market. Management will assess the useful life of capitalised development projects on a case-by-case basis, when they meet the IAS 38 requirements for capitalisation.

Investments and other non-current assets
Financial assets within the scope of IAS 39 are classified as either:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial assets, as appropriate.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other non-current assets (continued)
When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are carried at fair value and any changes in fair value are recognised in consolidated income statement.

ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables include trade, contracts, retentions and other receivables, originated loans, due from banks (from the Group's banking operations), deposits, Islamic financing and investments assets, syndicated loans funded on origination and other debt securities acquired (purchased) by the Group either from the issuer or another source, provided that they are not quoted in an active market. Subsequent to initial recognition such assets are carried at amortised cost using the effective interest method net of interest suspended, provisions for impairment and any amounts written off. Gains and losses are recognised in consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables
Subsequent to initial recognition, trade receivables are stated at amortised cost which is usually original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Due from banks and deposits
Subsequent to initial recognition, these are stated at amortised cost less any amounts written off and provision for impairment, if any.

Islamic financing and investing products
The Group's Islamic financing and investing products consist of Murabaha, Mudaraba, Musharaka, investments under Sukuk and Wakala arrangements, Istisna'a and Ijara contracts.

Subsequent to initial recognition, all Islamic financing and investing assets are stated at amortised cost less any provisions for impairment and deferred income.

Fiduciary assets
Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other non-current assets (continued)

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturity which the Group has the positive intention and ability to hold to maturity. These include certain debt instruments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost (less impairment, if any).

iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with any fair value gains or losses being recognised as cumulative changes in fair value in other comprehensive income, except in case of impairment where the accumulated loss is recycled in the consolidated income statement. When the investment is disposed of, the cumulative gain or loss previously recorded in other comprehensive income / equity is recognised in the consolidated income statement.

The fair value of available-for-sale investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

Assets in this category are included in non-current assets unless management intends to dispose off the assets within twelve months of the reporting date. The assets are derecognised when rights to receive cash flows have expired or have been transferred alongwith substantially all the risks and rewards of ownership.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair values less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An impairment loss in respect of goodwill is not reversed. For assets excluding goodwill, an assessment is made at each reporting date 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 makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation / amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in consolidated income statement.

The following criteria are applied in assessing impairment of specific assets.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which goodwill relates. Where the recoverable amount of a cash-generating unit is less than the carrying amount of that cash generating unit to which goodwill has been allocated plus the carrying amount of such goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill at every reporting period.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
Other intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment at every reporting period either individually or at the cash generating unit level, as appropriate.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss against the carrying value of Group's investments in its associates or joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investments in associates or joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amounts of the investments in associates or joint ventures (as the case may be) and their carrying values and recognises the resultant impairment in the consolidated income statement.

Impairment of financial assets
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Loans and advances
Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances are calculated on individual loans and on groups of loans assessed collectively. Impairment losses are recorded as charges to the consolidated income statement. The carrying amount of impaired loans on the consolidated statement of financial position is reduced through the use of impairment allowance accounts.

Individually assessed loans and advances
For all loans that are considered individually significant, the Group assesses on a case-by-case basis each quarter and more frequently when circumstances require whether there is any objective evidence of impairment. The criteria used by the Group to determine that there is such objective evidence include:

- known cash flow difficulties experienced by the borrower;
- past due contractual payments of either principal or interest;
- breach of loan covenants or conditions;
- decline in the realisable value of the security;
- the probability that the borrower will enter bankruptcy or other financial realisation; and
- a significant downgrading in credit rating by an external credit rating agency.

For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

- the Group's aggregate exposure to the customer;
- the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations;
- the amount and timing of expected receipts and recoveries;
- the likely dividend available on liquidation or bankruptcy;
- the extent of other creditors' commitments ranking ahead of, or pari passu with, the Group and the likelihood of other creditors continuing to support the customer;
- the complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- the realisable value of security (or other credit mitigants) and likelihood of successful repossession;
- the likely deduction of any costs involved in recovery of amounts outstanding;
- the ability of the borrower to obtain, and make payments in, the currency of the loan if not denominated in local currency; and
- when available, the secondary market price of the debt.

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's current carrying amount. The impairment allowances on individually significant accounts are reviewed at least quarterly and more regularly when circumstances require. This normally encompasses reassessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of a reduction in the established loss estimate.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Loans and advances (continued)

Collectively assessed loans and advances
Impairment is assessed on a collective basis in two circumstances:

- to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- for homogeneous groups of loans that are not considered individually significant.

Incurred but not yet identified impairment
Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Group has incurred as a result of events occurring before the reporting date, which the Group is not able to identify on an individual loan basis, and that can be reliably estimated. These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual loans within the Group, those loans are removed from the Group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- historical loss experience in portfolios of similar credit risk characteristics (for example, by industry sector, loan grade or product);
- the estimated period between impairment occurrence and the loss being identified and evidenced by the establishment of an appropriate allowance against the individual loan; and
- management's experienced judgement as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience.

The period between a loss occurrence and its identification is estimated by management for each identified portfolio.

Homogeneous groups of loans and advances
Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of loans that are not considered individually significant, because individual loan assessment is impracticable.

Losses in these groups of loans are recorded on an individual basis when individual loans are written off, at which point they are removed from the group.

Write-off of loans and advances
Loans (and the related impairment allowance accounts) are normally written off, in full, when there is no realistic prospect of recovery. Where loans are secured, this is after receipt of any proceeds from the realisation of security.

Reversals of impairment
If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated income statement.

Other assets carried at amortised cost
If there is objective evidence that an impairment loss on assets carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the consolidated income statement.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial assets
In the case of an investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale investment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on available-for-sale equity instruments are not reversed through the consolidated income statement.

If in a subsequent period, the fair value of an available-for-sale debt instrument increases which can be linked objectively to an event occurring after the write down, the write-down or impairment allowance is reversed through the consolidated income statement.

Work in progress and excess billings (in respect of construction contracts)
Work in progress is stated at cost plus attributable profits, less provision for any anticipated losses and progress payments received and receivable and shown as contract receivables. Where the payments received or receivable for any contract exceed the cost plus attributable profits or less anticipated losses, the excess is shown as excess billings.

Inventories
Inventories are stated at the lower of cost and estimated net realisable value. Cost of materials comprises of expenditure incurred in bringing each product to its present location and condition. Cost of finished goods and work in progress comprises of cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs and is determined as below:

Petroleum products	*weighted average*
Airline inventory for internal use (excluding consumer goods)	*weighted average*
Airline inventory – Maintenance, repair and overhaul (MRO) operations	*first-in-first-out*
Airline consumer goods	*first-in-first-out*
Other consumable goods	*weighted average*
Contracting inventory	*first-in-first-out*

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Properties held with the intention of sale in future are classified as inventory properties under inventory. Inventory properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Management reviews the carrying values of the inventory properties at each reporting date.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and deposits with banks, due from banks and Islamic financing and investment products with original maturity of three month or less, net of bank overdrafts and due to banks with original maturity of three month or less.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the senior management of the ICD, who makes strategic decisions and is responsible for overall allocation of resources and assessment of performance of the operating segments.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of settling in the near term. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

a) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; or
b) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
c) the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Derecognition of financial assets and liabilities
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

a) the rights to receive cash flows from the asset have expired; or
b) the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Frequent flyer / customer loyalty programme
One of the Group's airline subsidiaries maintains a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on the airline and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

In addition to the above, the Group's banking subsidiary operates a Plus points rewards programme which allows customers to accumulate points when they purchase products on the bank's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frequent flyer / customer loyalty programme (continued)
The Group accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted for as a liability (deferred revenue) in the consolidated statement of financial position. The fair value is determined using estimation techniques that take into account the fair value of awards for which they could be redeemed. Miles / points accrued through utilising the services of programme partners and paid for by the participating partners are also accounted for as deferred revenue until they are utilised. In these instances, a liability is not recognised for miles / points that are expected to expire.

Revenue is recognised in the consolidated income statement only when the Group fulfils its obligations by supplying free or discounted goods or services on redemption of the miles / points accrued.

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

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for maintenance represents the estimate of the cost to meet the contractual return conditions on certain aircraft held under operating leases.

Employee benefits
UAE national employees participate in the UAE government's pension fund to which the employee and the Group contribute a specified percentage of salary. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

Senior employees of certain subsidiaries who are based in the UAE also participate in provident funds to which employees of the relevant subsidiary and the subsidiary itself contribute a specified percentage of salary. Contributions to provident funds are charged to the consolidated income statement in the period in which they fall due.

End of service benefits for other employees based in the UAE are provided for as per UAE labour law and are based on periods of cumulative service and levels of employees' basic salary.

End of service benefits for employees based outside the UAE are provided for in accordance with the relevant local regulations.

The Group operates or participates in various end of service benefit plans, which are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which the relevant subsidiary pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)
A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets at that date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the reporting date of high quality bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses for defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are immediately recognised in retained earnings through consolidated statement of comprehensive income in the period in which they arise.

Fund management
One of the Group’s subsidiaries manages and administers funds on behalf of investors. The financial statements of these funds are not included in these consolidated financial statements. Information about the Group’s fund management activity is set out in note 38.4.1.

Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders, for a loss they incur because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The financial guarantee liability is carried at amortised cost when payment under the contract has become probable.

Maintenance reserve
One of the Group’s subsidiaries engaged in aircraft leasing business has created a maintenance reserve. Maintenance reserve represents payments received from lessees to cover the costs of periodic maintenance, repairs, and engine overhauls. The Group uses the funds to reimburse lessees for costs of certain agreed maintenance and repairs. The Group does not record any portion of maintenance reserve as income at the time of receipt. Revenue is recognised when payments received exceed the cost of performing scheduled maintenance, generally only at the end of the lease term.

The Group's aircraft are typically subject to triple-net leases under which the lessee is responsible for maintenance, insurance and taxes. The Group's operating leases also obligates the lessees to comply with all governmental requirements applicable to the flight equipment, including without limitation, operational, maintenance, registration requirements and airworthiness directives.

Share-based compensation plans
Certain employees (including senior executives) of some of the Group’s subsidiaries receive remuneration in the form of share-based payment transactions, whereby such employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value of shares at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation plans (continued)
Where the terms of equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; whether the 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. A reassessment is made after inception of the lease only if one of the following applies:

a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded in the consolidated income statement. Property, plant and equipment acquired under the finance leases (mainly aircrafts) are depreciated in accordance with the Group's policy.

Operating leases are those that do not meet the definition of a finance lease. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Group as a lessor (excluding aircraft held for lease)
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in the consolidated income statement on a straight-line basis over the lease term.

Sale and leaseback transactions
Gains and losses arising on sale and leaseback transactions resulting in an operating lease and where the sale price is at fair value, are recognised immediately in the consolidated income statement. Where the sale price is below fair value, any losses are immediately recognised in the consolidated income statement, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is classified as a deferred credit and amortised over the period for which the asset is expected to be used.

In the case of profits arising on sale and leaseback transactions resulting in finance leases, the excess of sale proceeds over the carrying amount is deferred and amortised over the lease term.

Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to change the provisions of the lease (without renewing it) in a way that it would have been classified differently at inception had the changed terms been in effect at that time. The revised agreement is considered as a new agreement and accounted for appropriately and prospectively over the remaining term of the lease.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position 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.

Sale and repurchase agreements
Securities sold subject to repurchase agreements ("repos") are disclosed in the Group's consolidated financial statements separately when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included as a separate deposit / borrowing. Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and receivables from other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Taxes
Income tax expense comprise current and deferred tax. Income tax expense also include any interest, fines and penalties payable to the relevant tax authorities in the jurisdictions in which the Group entities operate.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where Group operates and generates taxable income.

Deferred tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Derivative financial instruments and hedging

The Group uses derivative financial instruments as trading investments as well as to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are taken directly to the consolidated income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge); or,
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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

Cash flow hedge

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

Amounts recognised as OCI are transferred to the consolidated income statement when the hedged transaction affects the consolidated income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty and eliminating sales within the Group.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods and services
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfer of risk and rewards vary depending on the individual terms of the contract of sale. Sale of goods relating to the upstream exploration and development business excludes the sale of oil attributable to abandonment and decommissioning barrels under the terms of the Production Sharing Agreement between the Group and the relevant government authority.

Revenue from services is recognised in the period in which services are rendered.

Sale of software and licensed products
One of the Group's subsidiaries enters into arrangements, which may include the sale of licenses of that subsidiary's software products and packaged configurations ("software"), professional services, maintenance and data management services or various combinations of products or services. Revenue from the sale of software relates mainly to perpetual licenses, which provide the customers with the right to use the subsidiary's software. Revenue is generally recognised when a signed agreement or other persuasive evidence of an arrangement exists, the software has been delivered either physically or electronically, the license fee is fixed or determinable, and collection of the resulting receivable is reasonably assured. The Group recognises software license revenue based on the "Residual Method"; the fair value of the undelivered elements is deferred and the remaining portion of the fee is allocated to the delivered elements (generally the software licence).

For contracts involving multiple deliverables, the Group evaluates each deliverable to determine whether it represents a separate unit of accounting based on the following criteria: (a) whether the delivered item has value to the customer on a stand-alone basis, (b) whether there is objective and reliable evidence of the fair value of the undelivered item(s), and (c) if the contract includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group. If objective and reliable evidence of fair value exists for all units of accounting in the arrangement, revenue is allocated to each unit of accounting or element based on relative fair values. In situations where there is objective and reliable evidence of fair value for all undelivered elements, but not for delivered elements, the residual method is used to allocate the contract consideration.

The Group assesses whether the fee is fixed or determinable and collection is reasonably assured at the outset of an agreement. In determining whether the fee is fixed or determinable, the Group reviews the terms and conditions of the agreement. The Group assesses whether collection is reasonably assured based on a number of factors, including the terms and conditions of the agreement and the customer's past transaction history and credit-worthiness. If it is determined that collection of a fee is not reasonably assured, the Group defers the fee and recognises revenue at the time collection becomes reasonably assured.

Revenue from the provision of data management services is recognised rateably over the term of the service period.

Many customers who license software also enter into separate professional services arrangements with the Group. The Group reviews whether such arrangements should be considered alongside other elements/arrangements to determine whether the arrangements taken together should be considered as one arrangement. Professional services are generally separable from the other elements under the arrangement, since the performance of the services is not essential to the core software functionality of the software (i.e. the services do not involve significant production, modification or customisation of the software).

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of software and licensed products (continued)
Generally, consulting and implementation services are sold on a time-and-materials basis and revenue is recognised when the services are performed. Contracts with fixed or "not to exceed fees" are recognised on a percentage of completion method. When the provision of services represents more than one performance act, the nature of the service contract is reviewed to determine which revenue recognition method best reflects the nature of services performed. Provided all other revenue recognition criteria have been met, the revenue recognition method selected reflects the pattern in which the obligations to the customers have been fulfilled. If there is a significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. In determining whether professional services revenue should be accounted for separately from licence revenue, the Group evaluates, among other factors, the nature of the software, whether it is ready for use by the customer upon receipt, the nature of the Group's implementation services, which typically do not involve significant customisation or development of the underlying software code, the availability of services from other vendors, whether the timing of payments for licence fees is coincident with performance of services and whether milestones or acceptance criteria exist that affect the collectability of the software license fee.

Maintenance revenue is deferred and recognised rateably over the term of the maintenance and support period. Where customers benefit over the implementation period from product enhancements normally provided as maintenance services, an element of the licence fee is deferred and recognised rateably over the implementation period up to the start of paid maintenance.

Training revenue is recognised as training services are delivered. To the extent that training is bundled in an arrangement, the revenue allocated is based on the value of stand-alone sales of training services.

For arrangements that do not qualify for separate accounting, the license and professional services revenues are recognised together using the percentage-of-completion method.

Revenues that are recognised ahead of billings are shown as accrued income. Expenses recharged to customers are recognised as revenue.

Sale of property
As per IFRIC 15, an agreement for the construction of real estate in which buyers have only limited ability to influence the design of the real estate, is an agreement for the sale of goods within the scope of IAS 18 "Revenue Recognition" and accordingly revenue shall be recognised only when significant risks and rewards of ownership of real estate in its entirety have been transferred to the buyer. Significant risks and rewards of ownership are deemed to be transferred to the buyer only when a sales contract has been signed, the buyer has been granted full access to the property and there is an unconditional commitment to transfer the title of the property.

Exhibitions
Revenue from exhibitions is recognised immediately once the exhibition is held.

Airline revenue
Passenger and cargo (which includes courier and mail) sales are recognised as revenue when the transportation is provided. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance. Unused flight documents are recognised as revenue based on their terms and conditions and historical trends.

Revenue from travel services
Revenue from travel services includes inclusive tours and agency commission earned from the sale of third-party travel products. Revenue relating to inclusive tours is recognised on departure. Revenue relating to third-party travel products is recognised on the completion of sale. Where the Group's subsidiary acts as principal, revenue is stated at contractual value of services provided and where the Group's subsidiary acts as an agent between the service provider and the end customer, revenue is presented on net basis.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from aerospace engineering and aircraft leasing
In general, the Group's aircraft lease rentals are recognised on a straight-line basis over the term of the lease. The Group will neither recognise revenue nor record a receivable from a customer when collectibility is not reasonably assured. Group's management determines whether customers should be placed on a non-accrual status based on factors such as the lessee's credit rating, payment performance, financial condition and requests for modifications of lease terms and conditions as well as security received from the lessee in the form of guarantees and/or letters of credit. Once a customer is on non-accrual status, revenue is recognised when cash payments are received. Estimating whether collectibility is reasonably assured requires some level of subjectivity and judgment as it is based primarily on the extent to which amounts outstanding exceed the value of security held, the financial strength and condition of the lessee and the current economic conditions of the lessee's operating environment. As of 31 December 2015, no leases were on non-accrual status.

The Group has three significant types of MRO revenue contracts; time and materials contracts, fixed price contracts and engine utilisation contracts. Each of the three types of contracts may have multiple deliverables. These deliverables are: (i) repair services and parts and modules embodied and (ii) replacement engine rental revenue. In these arrangements, revenue is allocated based on the relative selling prices of each of these deliverables.

At the inception of an agreement, the Group allocates the arrangement consideration to each deliverable based on the relative selling price, which is determined using the Group's best estimated selling price. The determination of the best estimated selling price involves a weighting of several factors based on the specific facts and circumstances of the arrangement. Specifically, the Group considers the cost to produce the deliverable, the anticipated margin on that deliverable, the economic conditions and trends, the selling price and the profit margin for similar parts and ongoing pricing strategy and policies. For all contracts, rental engine revenue, if applicable, is recognised monthly based on the hours flown multiplied by the appropriate hourly rate. For time and material and fixed contracts, engine repair services and engine parts embodied revenue and costs are recognised upon customer acceptance and shipment due to the majority of contracts being subject to strict regulatory and manufacturer testing procedures. For engine utilisation contracts, the Group recognises revenue upon customer acceptance and shipment due to the significant acceptance process, using a proportional performance model based on completed output deliverables under each contract.

Recognition of revenue associated with unbilled receivables is limited to amounts contractually recoverable. Estimates of total contract revenue and costs for engine utilisation contracts are reviewed at a minimum each quarter. The Group records a loss provision for contracts when the Group determines that estimated future cost will exceed estimated future revenues. The estimates that the Group uses in connection with making these determinations are based on management's expectations with respect to the customer's utilisation of engines during the contract. As a result, such estimates may be materially impacted by changes in the customer's engine utilisation, including as a result of general economic slowdowns, fleet retirements and changes in the customer's codeshare agreements. Any changes could result in the Group recording material loss provisions that could have an adverse effect on the results of operations.

Revenues related to providing design and implementations of operational redesigns are recognised as services are completed and customer acceptance is achieved.

Revenues from longer term contracts related to airplane interior modifications are recognised on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated costs for each contract. Contract costs include all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, tools, repairs, and depreciation costs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Profit incentives, if any, are included in revenues when their realisation is probable and can be reliably measured. For contracts related to airplane interior modifications, it is possible that factors may cause the Group to change its estimates of revenues and costs at any time, thereby altering estimated profitability. These factors include, but are not limited to, changes in job performance and job conditions, including those arising from contract penalty provisions, if any, and final contract settlements. The impact of the revisions is recognised in the period in which the revisions are determined. Changes in these factors could result in a material effect on the results of operations of the Group.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Finance / interest income
Interest income on investments in interest bearing securities is recognised as the interest accrues using the effective interest rate, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts.

Finance income on loans and advances is recognised at the effective interest rate, taking account of the principal outstanding and the rate applicable. The recognition of interest income is suspended when loans become impaired. Notional interest is recognised on impaired loans and other non-current assets based on the rate used to discount future cash flows to their net present value. Material loan commitment fees are recognised on a time proportion basis over the commitment period. When the Group enters into an interest rate swap to change interest from fixed to floating (or vice versa) the amount of interest income or expense is adjusted by the net interest on the swap.

Fees and commission
Fee income is earned from a diverse range of services provided by the Group's banking subsidiary to its customers.

Fee income is accounted for as follows:
- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in "finance income".

Commission income is accounted for on an accrual basis.

Recoveries in respect of loans and receivables that have been identified as fully impaired are accounted for on a cash receipt basis.

Exchange house trading, clearing and settlement fees
Trading, clearing and settlement fees are recognised when settlement of a trade is completed.

Dividends
Dividend revenue is recognised when the Group's right to receive the payment is established.

Rental income
Rental income from investment property leased out under operating leases is recognised in income on a straight line basis over the term of the lease. When the Group provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from hotel operations
Revenue from hotel operations of the Group represents the value of services provided and food and beverage sold by the hotels during the period, whether invoiced or not. Revenue is stated net of municipal fees and service charges.

Serviced apartments
Revenue in this category represents rental income which is recognised as income on a straight line basis over the period to which it relates. Revenue is stated net of service charges and municipal fees.

Tank rental
Tank rental is recognised over the period of contractual agreement on a straight line basis.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Vessel charter hire income
Vessel charter is recognised on a straight line basis over the duration of the charter hire.

Construction contracts
Where the outcome of a construction contract can be estimated reliably, revenues and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, which is determined based on surveys of work performed. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the consolidated income statement.

Gains and losses from derivative contracts
Gains and losses arising as a result of settlement of derivative contract deals during the year are recognised in the consolidated income statement. The fair values of the outstanding contracts are determined on closing exchange rates and over the counter quotations for the underlying contracts, as well as management's best estimates which takes into consideration various factors including brokers' quotation. The resulting unrealised gains and losses are also recognised in consolidated income statement with corresponding amounts as other assets and liabilities as the case may be.

Liquidated damages
Income from claims for liquidated damages is recognised in the consolidated income statement when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to a compensation for loss of income or towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Ancillary services
Revenue from ancillary services represents the amount derived from providing licenses, visas, health cards and other services falling within the Group's ordinary activities. Revenue from ancillary services is recognised in consolidated income statement as and when they are rendered.

Income from Islamic financing and investment products
Islamic financing and investment products are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These products are carried at amortised cost (less impairment). Following are the main classes of Islamic investment assets:

Murabaha
An agreement whereby the Group sells to a customer a commodity, which the Group has purchased and acquired, based on a promise received from the customer to repurchase the item purchased by the Group according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

The profit is quantifiable and contractually determined at the commencement of the contract. Profit is recognised as it accrues over the life of the contract using an effective profit method on the outstanding balance.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Istissna'a
An agreement between the Group and a customer whereby the Group would sell to the customer a developed property according to agreed upon specifications. The Group would develop the property either on its own or through a subcontractor and then hand it over to the customer on a fixed date at an agreed price.

Istissna'a revenue and the associated profit margin (difference between the cash price to the customer and the Group's total Istissna'a cost) are accounted for on a time proportion basis.

Ijara
An agreement, whereby the Group (lessor) leases an asset to a customer (lessee), for a specific period and against certain rent installments. Ijara could end by transferring the ownership of the asset to the lessee at the end of the agreement or substantially transferring all the risks and returns related to the ownership.

Ijara income is recognised on a time proportion basis over the period of contract.

Mudaraba
An agreement between two parties; one of them provides the funds and is called Rab-Ul-Mal and the other provides efforts and expertise and is called the Mudarib. Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudaraba income. In case of normal loss; the Rab-Ul-Mal would bear the loss of his funds while the Mudarib would bear the loss of his efforts. However, in case of default, negligence or violation of any of the terms and conditions of the Mudaraba agreement, only the Mudarib would bear the losses. The Group may act as Mudarib when accepting funds from depositors and as Rab-Ul-Mal when investing such funds on a Mudaraba basis.

Income on Mudaraba financing is recognised on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

Wakala
An agreement whereby the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

Sukuk
Investment Sukuk are certificates of equal value, representing undivided shares in ownership of tangible assets, usufruct and services or assets of particular projects or special investment activity. Sukuk represent a common share in the ownership of the assets made available for investment.

Income is accounted for on a time-apportioned basis over the terms of the Sukuk.

Bond Holders' share of profit
Profit to Bond Holders (investors in Shari'a compliant funds issued by one of the Group's subsidiaries) included in cost of revenue is calculated on the following basis:

- allocation of revenues and expenses, after exclusion of disallowed items, to a fund maintained by one of the subsidiaries of the Group (the "Fund"), on a pro-rata basis by reference to the amount of the Fund's assets invested compared with the independent co-investment made by the subsidiary's shareholders, as per the requirements of the Fund's prospectus, and

- allocation of the Fund's net profit between the subsidiary and Bond Holders at a ratio of 80:20 to the subsidiary and the Bond Holders, respectively, in accordance with the requirements of the prospectus and as approved by the Fund's Shari'a Supervisory Board.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than its continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to sell, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is a component of the Group that is a CGU or a group of CGUs, that either has been disposed of, or is classified as held for sale or distribution, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the consolidated statement of financial position. Results of the discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement. There is no requirement to re-present prior period information for the statement of financial position.

3 OTHER INCOME

	2015 *AED'000*	*2014* *AED'000*
Foreign exchange translation gain	**1,112,528**	1,173,029
Gain on bargain purchase (see notes 10 and 23)	**737,186**	38,488
Net gain on disposal of property, plant and equipment, investment properties, intangible assets and sale and leaseback of aircraft	**524,680**	508,805
Liquidated damages	**365,736**	1,305,825
Vendors' support fee income	**297,099**	297,978
Net gain on sale of marketable securities	**245,180**	580,659
Dividend income from marketable securities	**63,059**	51,512
Reversal of impairment loss on non-financial assets (see notes 13 and 14)	**6,007**	112,917
Net change in fair value of investments carried at fair value through profit or loss (see note 16)	**(26,010)**	103,710
Gain on disposal of stake in an indirect associate (see note 15 (c))	**-**	3,033,058
Others	**2,537,890**	2,228,910
	5,863,355	9,434,891

4 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND EQUITY ACCOUNTED INVESTEES

	2015 *AED'000*	*2014* *AED'000*
Impairment loss on loans and receivables - net of recoveries (see note 21)	**2,198,658**	3,287,371
Impairment loss on trade and other receivables - net of recoveries (see note 19)	**224,352**	247,084
Impairment loss on available-for-sale investments	**180,061**	640,758
Impairment loss on investment in associates and joint ventures (see note 15)	**-**	406,899
Impairment loss on Islamic financing and investment products – net of recoveries (see note 20)	**937,879**	1,377,781
Impairment loss on other non-current assets – net of recoveries (see note 17.4)	**62,191**	19,315
Other impairment losses - net	**255,034**	225,692
	3,858,175	6,204,900

5 OTHER FINANCE INCOME

	2015 *AED'000*	*2014* *AED'000*
Interest income and profit from bank deposits	**274,698**	294,139
Interest income and profit from associates and joint ventures (see note 37 (a))	**277,028**	157,464
Interest income and profit from the Government, Ministry of Finance of the UAE ("MOF") and other related parties (see note 37 (a))	**446,165**	362,675
Other interest income and profit	**40,604**	6,647
	1,038,495	820,925

6 OTHER FINANCE COSTS

	2015 *AED'000*	*2014* *AED'000*
Finance costs on borrowings	**1,656,382**	1,668,793
Interest / profit on loans from associates and joint ventures (see note 37 (a))	**271,010**	150,953
Interest on loans from Government, MOF and other related parties (see note 37 (a))	**527,367**	478,062
Finance charges on finance leases and hire purchase contracts	**951,307**	928,086
Others	**197,103**	244,734
	3,603,169	3,470,628

7 INCOME TAX EXPENSE

The components of income tax expense are as follows:

	2015 *AED'000*	*2014* *AED'000*
Current income tax		
Current income tax charge	**577,188**	170,825
Deferred income tax		
Relating to origination and reversal of temporary differences (see below)	**(105,972)**	(90,075)
Income tax expense related to continuing operations	**471,216**	80,750
Income tax benefit attributable to discontinued operations (see note 23)	**(6,946)**	(6,332)
	464,270	74,418

Deferred income tax
Deferred income tax at year-end relates to the following:

	Consolidated statement of financial position 2015 AED'000	***Consolidated income statement 2015 AED'000***
Deferred tax liability		
Accelerated depreciation for tax purposes	**717,616**	**(110,094)**
Tax effect of intangible assets and other timing differences	**(42,075)**	**(20,191)**
	675,541	**(130,285)**
Deferred tax asset		
Losses available for offset against future taxable income	**20,063**	**15,390**
Other timing differences	**105,424**	**8,923**
	125,487	**24,313**
Deferred income tax		**(105,972)**

7 INCOME TAX EXPENSE (continued)

	Consolidated statement of financial position 2014 AED'000	*Consolidated income statement 2014 AED'000*
Deferred tax liability		
Accelerated depreciation for tax purposes	874,247	(49,410)
Tax effect of intangible assets and other timing differences	193,377	36,360
Fair value of derivative instruments	-	812
	1,067,624	(12,238)
Deferred tax asset		
Losses available for offset against future taxable income	46,430	(14,447)
Inventory and deferred hedging assets	8,383	(1,646)
Other timing differences	134,244	(61,744)
	189,057	(77,837)
Deferred income tax		(90,075)

A significant part of the Group's operations are carried out within the UAE and presently the Group's operations in the UAE are not subject to corporation tax. Some of the Group's subsidiaries operating in various tax jurisdictions secured tax exemptions by virtue of double taxation avoidance agreements and reciprocal arrangements in most of the jurisdictions in which they operate.

Income tax therefore relates only to certain overseas subsidiary companies and operations which are subject to income tax.

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

	2015 AED'000	*2014 AED'000*
Net profit before tax as per the consolidated income statement		
Continuing operations	**25,632,491**	22,384,185
Discontinued operations	**2,283,577**	6,157,077
Total profit before tax	**27,916,068**	28,541,262
Of which profit arising from taxable jurisdictions are:	**1,292,641**	3,943,221
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**307,543**	671,768
Effect of non-deductible expenses	**234,101**	57,357
Effect of income exempt from tax	**(93,423)**	(20,229)
Prior period adjustment / release of provision *	**(52,174)**	(683,925)
Impact of tax rate change	**(1,486)**	19,277
Effect of other items - net	**76,655**	36,502
Income tax expense - net	**471,216**	80,750

* The 2014 balance includes the release of provision of AED 587,838 thousand in respect of prior years.

8 PROFIT FOR THE YEAR

	2015 AED'000	*2014 AED'000*
Profit for the year is stated after charging the following:		
Staff costs	**24,516,574**	21,339,441
Rental-operating leases (includes aircraft operating lease payments of AED 6,995,056 thousand (2014: AED 5,969,838 thousand))	**7,755,886**	7,386,753
Depreciation and impairment on property, plant and equipment and investment properties (see notes 11 and 13)	**12,240,059**	11,137,242
Amortisation and impairment of intangible assets and advance lease rental (see notes 12 and 17.3)	**1,051,862**	1,091,771

Staff costs include, pension costs amounting to AED 87,966 thousand (2014: AED 86,964 thousand), other post employment benefits amounting to AED 862,036 thousand (2014: AED 810,629 thousand) and employee profit share scheme expense amounting to AED 74,330 thousand (2014: AED 71,690 thousand).

9 TRANSFER OF ENTITIES UNDER COMMON CONTROL

During the current year, as per decree, Law No. (24) of 2015 issued on 10 August 2015 by H.H. the Ruler of Dubai, 100% ownership of "Dubai Aviation Corporation" (trading as flydubai) ("Flydubai") was transferred to ICD. The transfer value of the investment amounted to AED 522,205 thousand based on the net asset value (as adjusted for ICD accounting policies, if any) of the investee company at the date of transfer. This was accounted for as a capital contribution from the Government in line with the directives received by ICD (see note 24).

The Group recorded carrying value of assets and liabilities of Flydubai at the date of transfer as presented below:

	AED'000
Assets	
Property, plant and equipment (note 11)	**3,015,724**
Intangible assets (note 12)	**52,272**
Inventories	**19,616**
Trade and other receivables	**1,000,706**
Cash and deposits with banks	**755,117**
Total assets acquired	**4,843,435**
	AED'000
Liabilities	
Employees' end of service benefits (note 27)	**66,626**
Borrowings and lease liabilities	**2,986,131**
Negative fair value of derivatives	**191,458**
Trade and other payables	**997,169**
Other non-current payables	**79,846**
Total liabilities acquired	**4,321,230**
Net assets	**522,205**

10 BUSINESS COMBINATIONS

a) Acquisition of Kerzner International Holdings Ltd

During the current year, the Group gained control of Kerzner International Holdings Ltd ("Kerzner") previously being held as an associate by investing AED 558,541 thousand in addition to the investment of AED 1,292,537 thousand made in the prior year. Accordingly, the Group started accounting for its investment in this entity as a subsidiary.

The principal activity of Kerzner is the operation and management of leading destination resorts and luxury hotels.

The Group recorded the fair values of assets and liabilities of Kerzner at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	357,662
Intangible assets (note 12)	1,849,495
Investment properties (note 13)	17,078
Investments in associates and joint ventures (note 15)	59,237
Other non-current assets	353,542
Cash and deposits with banks	333,006
Deferred tax assets	48,727
Inventories	7,034
Trade and other receivables	349,723
Employees' end of service benefits (note 27)	(14,395)
Borrowings and lease liabilities	(373,729)
Negative fair value of derivatives	(9,412)
Other non-current payables	(380,792)
Deferred tax liabilities	(2,653)
Trade and other payables	(112,470)
Fair value of the net assets acquired	**2,482,053**
Less: Fair value of non-controlling interests	(550,067)
Group's share of net assets acquired	**1,931,986**
Purchase consideration (see below)	**(1,812,948)**
Gain on bargain purchase (see note 3)	**119,038**
Consideration paid for additional acquisition	558,541
Acquisition date fair value of previously held investment	1,254,407
Total purchase consideration	**1,812,948**
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	333,006
Cash paid	(558,541)
Net cash outflow on acquisition	**(225,535)**

Costs of acquisition have been charged to the consolidated income statement.

The gain on bargain purchase has been classified as "other income" in the consolidated income statement.

A significant portion of Kerzner's revenue is generated from transactions done with another subsidiary of the Group, and gets eliminated on consolidation.

10 BUSINESS COMBINATIONS (continued)

b) Acquisition of Imdaad LLC

During 2015, the Group acquired 100% ownership of Imdaad LLC ("Imdaad"). The principal activity of Imdaad is the provision of integrated facilities management solutions.

The Group recorded the fair values of assets and liabilities of Imdaad at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	84,402
Intangible assets (note 12)	122,308
Investments in associates and joint ventures (note 15)	927
Other non-current assets	6,688
Islamic financing and investment products	76,505
Cash and deposits with banks	34,279
Inventories	3,555
Trade and other receivables	188,939
Employees' end of service benefits (note 27)	(14,080)
Trade and other payables	(173,768)
Fair value of net assets acquired	**329,755**
Goodwill (note 12)	**45,538**
Purchase consideration (see below)	**375,293**
Consideration paid to acquire ownership	365,593
Consideration paid to acquire loan	9,700
Total purchase consideration	**375,293**
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	34,279
Consideration paid	(375,293)
Net cash outflow on acquisition	**(341,014)**

Costs of acquisition have been charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

The acquisition took place at the beginning of the year, which resulted in the acquired entity contributing revenue of AED 477,383 thousand and a profit of AED 42,868 thousand for the year ended 31 December 2015.

10 BUSINESS COMBINATIONS (continued)

c) Acquisition of Ssangyong Engineering & Construction Co., Ltd.

During 2015, ICD contributed capital in Ssangyong Engineering & Construction Co., Ltd. ("Ssangyong") and established control over Ssangyong's business. The principal activity of Ssangyong is to engage in engineering, construction, and sale of buildings and apartments.

In prior years, Ssangyong commenced rehabilitation proceedings in Seoul Central District Court (the "Court"). The Court concluded these rehabilitation proceedings on 26 March 2015 (the date when ICD established control over Ssangyong's business).

As at 31 December 2015, included in the approved rehabilitation plan were performance bonds and payment guarantees of AED 12,909,014 thousand issued by Ssangyong in the normal course of business. Management carried out a detailed review and assessed how much of these contingent liabilities would crystalise. As a result, it estimated that only AED 372,722 thousand may realise and accordingly recorded provision as "rehabilitation liabilities" in the consolidated statement of financial position as at 31 December 2015, of AED 218,089 thousand and AED 154,633 thousand, under "other non-current payables" and "trade and other payables" respectively (see notes 30 and 31). In line with the rehabilitation plan as approved by the Court, as at 31 December 2015, AED 35,177 thousand of these rehabilitation liabilities are to be settled in cash, and the balance of AED 337,545 thousand is subject to a debt to equity swap settlement. The fair value of Ssangyong's shares to be issued under the swap was AED 8,048 thousand as at 31 December 2015, based on the valuation carried out by an independent third party.

As a result, the Group recorded a derivative asset of AED 329,497 thousand. This is accounted for and included under "positive fair value of derivatives" in the consolidated statement of financial position as at 31 December 2015 (see note 29).

The Group recorded the fair values of assets and liabilities of Ssangyong at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	41,846
Intangible assets (note 12)	15,057
Investment properties (note 13)	88,784
Investments in associates and joint ventures (note 15)	507
Investments in marketable securities	193,714
Other non-current assets	644,868
Cash and deposits with banks	443,938
Positive fair value of derivatives	573,270
Deferred tax assets	33,483
Inventories	13,070
Trade and other receivables	1,277,875
Employees' end of service benefits (note 27)	(157,197)
Other non-current payables	(870,254)
Trade and other payables	(1,175,955)
Fair value of net assets acquired	**1,123,006**
Less: Fair value of non-controlling interests	(61,754)
Group's share of net assets acquired	**1,061,252**
Purchase consideration	**(574,340)**
Gain on bargain purchase	**486,912**

10 BUSINESS COMBINATIONS (continued)

c) Acquisition of Ssangyong Engineering & Construction Co., Ltd. (continued)

	AED '000
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	443,938
Consideration paid	(574,340)
Net cash outflow on acquisition	**(130,402)**

Costs of acquisition have been charged to the consolidated income statement.

The gain on bargain purchase has been classified as "other income" in the consolidated income statement.

The acquired entity contributed revenue of AED 2,309,421 thousand and a loss of AED 373,963 thousand from the acquisition date to 31 December 2015. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and loss would have been AED 2,999,645 thousand and a loss of AED 120,088 thousand respectively.

d) Acquisition of Hotel Washington Corporation (Cayman) ("HW Hotel")

During 2015, the Group acquired 100% ownership of HW Hotel. The principal activity of HW Hotel is the provision of hospitality services.

The Group recorded the fair values of assets and liabilities of HW Hotel at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	564,109
Cash and deposits with banks	20,186
Inventories	1,606
Trade and other receivables	11,672
Borrowings and lease liabilities	(374,144)
Trade and other payables	(224,359)
Fair value of net assets acquired	**(930)**
Goodwill	930
Purchase consideration	**USD 1**

Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	20,186
Net cash inflow on acquisition	**20,186**

Costs of acquisition have been charged to the consolidated income statement.

HW Hotel was acquired towards the very beginning of the year, and it contributed revenue of AED 201,346 thousand and a loss of AED 14,660 thousand to the Group for the year ended 31 December 2015.

10 BUSINESS COMBINATIONS (continued)

e) Acquisition of Columbus Center Corporation (Cayman) ("Columbus Hotel")

During 2015, the Group acquired 100% ownership of Columbus Hotel. The principal activity of Columbus Hotel is the provision of hospitality services.

The Group recorded the fair values of assets and liabilities of Columbus Hotel at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	1,062,027
Intangible assets (note 12)	1,117
Other non-current assets	5,264
Cash and deposits with banks	60,255
Inventories	3,006
Trade and other receivables	26,647
Borrowings and lease liabilities (net of loan from ICD)	(660,595)
Trade and other payables	(59,175)
Fair value of net assets acquired	**438,546**
Less: Fair value of non-controlling interest	(78,131)
Group's share of net assets acquired	**360,415**
Goodwill (note 12)	78,608
Purchase consideration (see below)	**439,023**
Consideration paid to acquire ownership	297,847
Consideration paid to acquire loan	141,176
	439,023
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	60,255
Consideration paid	(439,023)
Net cash outflow on acquisition	**(378,768)**

Costs of acquisition have been charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

Columbus Hotel was acquired towards the beginning of the year. It contributed revenue of AED 400,244 thousand and a net loss of AED 4,670 thousand to the Group.

f) Additional stake in Dubai Aerospace Enterprise (DAE) Limited

During 2015, the Group acquired an additional stake for AED 91,875 thousand in one of its subsidiaries, Dubai Aerospace Enterprise ("DAE"), thus increasing its ownership from 68.36% to 80.53%. As a result, AED 422,646 thousand of non-controlling interests acquired by the Group were transferred from "non-controlling interest" to "equity attributable to the equity holders of ICD" and classified as "change in ownership" in the consolidated statement of changes in equity.

10 BUSINESS COMBINATIONS (continued)

g) Acquisition of Canal Point FZE

During 2015, the Group acquired 100% ownership of Canal Point FZE for a consideration of AED 294,000 thousand, which is equivalent to the fair value of investment properties in the books of Canal Point FZE on the date of acquisition.

h) Acquisition of Toll dnata Airport Services Pty Ltd

During 2015, one of the subsidiaries of the Group obtained 100% control of an indirect joint venture of the Group, Toll dnata Airport Services Pty Ltd ("Toll dnata"), by acquiring the remaining 50% ownership through its wholly owned subsidiary, dnata Airport Services Limited, United Kingdom. Toll dnata is one of the leading ground and cargo handling companies operating in seven airports in Australia.

The Group recorded the fair values of assets and liabilities of Toll dnata at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	50,974
Intangible assets (note 12)	1,646
Deferred tax assets	13,147
Trade and other receivables	77,639
Cash and deposits with banks	12,567
Employees' end of service benefits (note 27)	(10,425)
Borrowings and lease liabilities	(29,510)
Trade and other payables	(76,850)
Fair value of net assets acquired	**39,188**
Purchase consideration (see below)	**39,188**

	AED '000
Consideration paid for additional acquisition	21,948
Acquisition date fair value of previously held investment	17,240
Total purchase consideration	**39,188**

	AED '000
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	12,567
Consideration paid	(21,948)
Net cash outflow on acquisition	**(9,381)**

Costs of acquisition amounting to AED 298 thousand have been charged to the consolidated income statement.

The acquired entity contributed revenue of AED 400,675 thousand and a loss of AED 2,836 thousand from the acquisition date to 31 December 2015. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and loss would have been AED 413,551 thousand and AED 3,286 thousand respectively.

10 BUSINESS COMBINATIONS (continued)

i) Acquisition of dnata BV

During 2015, one of the subsidiaries of the Group acquired the cargo handling operations of Aviapartner at Amsterdam Airport Schiphol, The Netherlands. Along with the full cargo handling operations, this facility includes several specialist product lines including the Schiphol Animal Centre and Temperature Control Centre, as well as its Freighter Ramp Handling operations. Subsequent to the acquisition, the business was renamed as dnata BV.

The Group recorded the fair values of assets and liabilities of dnata BV at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	3,762
Intangible assets (note 12)	24,143
Deferred tax assets	2,396
Trade and other receivables	23,154
Cash and deposits with banks	38,775
Employees' end of service benefits (note 27)	(13,278)
Other non-current payables	(1,289)
Deferred tax liabilities	(6,029)
Trade and other payables	(24,239)
Fair value of net assets acquired	**47,395**
Goodwill (note 12)	58,439
Purchase consideration	**105,834**

	AED '000
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	38,775
Consideration paid	(105,834)
Net cash outflow on acquisition	**(67,059)**

Costs of acquisition amounting to AED 1,905 thousand have been charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

The acquired entity contributed revenue of AED 60,548 thousand and a profit of AED 728 thousand from the acquisition date to 31 December 2015. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 161,155 thousand and AED 7,199 thousand respectively.

10 BUSINESS COMBINATIONS (continued)

j) Plafond Fit Out LLC

During 2015, one of the subsidiaries of the Group obtained 100% control of a joint venture, Plafond Fit Out LLC ("Plafond"), by acquiring the remaining 50% shares. Plafond is a Dubai based fit-out, MEP and facilities maintenance company.

The Group recorded the fair values of assets and liabilities of Plafond Fit Out LLC at the date of acquisition, which are summarised below:

	Fair values *AED '000*
Property, plant and equipment (note 11)	1,049
Intangible assets (note 12)	22,866
Other non-current assets	1,118
Trade and other receivables	133,847
Cash and deposits with banks	51
Other non-current payables	(3,812)
Trade and other payables	(114,055)
Fair value of net assets acquired	**41,064**
Goodwill (note 12)	65,920
Purchase consideration (see below)	**106,984**

	AED '000
Consideration paid for additional acquisition	22,000
Acquisition date fair value of previously held investment	84,984
Total purchase consideration	**106,984**

	AED '000
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	51
Consideration paid	(22,000)
Net cash outflow on acquisition	**(21,949)**

No costs of acquisition have been incurred.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

The acquired entity contributed revenue of AED 47,524 thousand and a profit of AED 1,580 thousand from the acquisition date to 31 December 2015. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 246,344 thousand and AED 16,805 thousand respectively.

10 BUSINESS COMBINATIONS (continued)

k) Nigma Lifts Installations & Maintenance Co. LLC

During 2015, one of the subsidiaries of the Group acquired 99% ownership of Nigma Lifts Installations & Maintenance Co. LLC ("Nigma"). Nigma is engaged in providing facilities management and ancillary services.

The Group has provisionally recorded assets and liabilities of Nigma at the date of acquisition, which are summarised below:

	Provisional fair values AED '000
Property, plant and equipment (note 11)	168
Inventories	707
Trade and other receivables	3,860
Cash and deposits with banks	830
Employees' end of service benefits (note 27)	(533)
Trade and other payables	(2,006)
Provisional fair value of net assets acquired	**3,026**
Provisional Goodwill (note 12)	7,974
Purchase consideration	**11,000**

	AED '000
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	830
Consideration paid	(11,000)
Net cash outflow on acquisition	**(10,170)**

Costs of acquisition have been charged to the consolidated income statement.

Provisional goodwill represent the difference between the provisional fair value of assets acquired and the purchase consideration. A purchase price allocation exercise is currently in progress and the goodwill will be adjusted once the exercise is complete.

The acquired entity contributed revenue of AED 2,164 thousand and a profit of AED 417 thousand from the acquisition date to 31 December 2015. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 8,583 thousand and AED 864 thousand respectively.

10 BUSINESS COMBINATIONS (continued)

l) Acquisition of Atlantis The Palm Holding Company Limited

During 2014, the Group acquired the business of Atlantis The Palm Holding Company Limited ("Atlantis") for a consideration of AED 2,742,285 thousand. The principal activity of Atlantis is operating a hotel and resort.

The Group recorded the fair values of assets and liabilities of Atlantis at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	6,271,123
Inventories	15,598
Trade and other receivables	137,361
Cash and deposits with banks	487,764
Employees' end of service benefits (note 27)	(29,215)
Borrowings and lease liabilities	(3,670,087)
Negative fair value of derivatives (note 29)	(179,601)
Other non-current payables	(19,910)
Trade and other payables	(232,260)
Fair value of net assets acquired	**2,780,773**
Purchase consideration	**(2,742,285)**
Gain on bargain purchase	**38,488**
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	487,764
Consideration paid	(2,742,285)
Net cash outflow on acquisition	**(2,254,521)**

m) Acquisition of AMSA Holdings FZE

During 2014, the Group acquired the business of AMSA Holdings FZE ("AMSA"). The principal activity of AMSA is the owning and leasing of properties to one of the Group's subsidiaries.

The Group recorded the fair value of assets and liabilities of AMSA at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	575,266
Other non-current assets	19,841
Inventories	3,796
Trade and other receivables	262
Trade and other payables	(3,953)
Fair value of net assets acquired	**595,212**
Cash consideration (see note below)	595,212
Consideration paid to acquire ownership	187,256
Consideration paid to acquire loan	407,956
Net cash outflow on acquisition	**595,212**

10 BUSINESS COMBINATIONS (continued)

n) Acquisition of Gold Medal International plc

During 2014, one of the subsidiaries of the Group acquired the business of Gold Medal International plc ("Gold Medal"). Gold Medal is one of the leading distributors of scheduled long-haul travel products in the United Kingdom.

The Group recorded the fair values of assets and liabilities of Gold Medal at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	5,944
Intangible assets (note 12)	160,820
Trade and other receivables	79,709
Deferred tax assets	14,306
Cash and deposits with banks	52,093
Deferred tax liabilities	(32,316)
Trade and other payables	(202,824)
Fair value of net assets acquired	**77,732**
Goodwill (note 12)	**153,013**
Consideration	230,745
Cash and deposits with banks acquired	(52,093)
Net cash outflow on acquisition	**178,652**

o) Acquisition of Stella Travel Group

During 2014, one of the subsidiaries of the Group acquired the business of Stella Travel Group (including Stella Travel Services (UK) Ltd and Stella Global UK Ltd) ("Stella"). Stella is one of the leading distributors of scheduled long-haul travel products in the United Kingdom.

The Group recorded the fair values of assets and liabilities of Stella Travel Group ("Stella") at the date of acquisition, which are summarised below:

	Fair values AED '000
Property, plant and equipment (note 11)	11,983
Intangible assets (note 12)	80,383
Trade and other receivables	356,979
Deferred tax assets	30,707
Cash and deposits with banks	176,180
Deferred tax liabilities	(16,107)
Trade and other payables	(645,583)
Fair value of net assets acquired	**(5,458)**
Goodwill (note 12)	**60,878**
Purchase consideration	**55,420**
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	176,180
Consideration paid	(55,420)
Net cash inflow on acquisition	**120,760**

The Group acquired / incorporated a number of other immaterial subsidiaries, associates and joint ventures during the year. Further, the Group's shareholding changed during the current year in a number of insignificant subsidiaries, associates and joint ventures.

11 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft AED'000*	*Aircraft engines and parts AED'000*	*Capital work-in-progress (CWIP) AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2015	30,825,064	5,262,969	22,060,277	13,309,656	81,002,199	5,930,173	11,429,044	169,819,382
Transfers from investment properties (see note 13)	49,433	-	-	-	-	-	-	49,433
Transfers from development properties (see note 14)	159,470	-	3,399	-	-	-	-	162,869
Other transfers	659,568	238,971	712,969	-	8,676,125	471,809	(10,759,442)	-
Transfers to inventories	-	-	-	-	-	(2,668)	-	(2,668)
Additions during the year	656,615	370,109	2,709,286	2,131,188	1,670,118	316,112	13,726,875	21,580,303
Arising on transfer of a subsidiary from the Government (see note 9)	25,405	22,398	4,065	-	1,989,095	534,235	794,412	3,369,610
Acquired on business combinations (see note 10)	2,583,583	414,273	500,399	-	13,583	-	47,759	3,559,597
Write off during the year	(14,844)	(11)	(2,863)	-	-	-	(23,627)	(41,345)
Disposals during the year	(721,942)	(199,465)	(2,015,186)	-	(5,591,076)	(584,963)	(431,075)	(9,543,707)
Translation differences	(139,580)	(29,080)	(179,241)	-	(776)	(1)	(3,099)	(351,777)
At 31 December 2015	**34,082,772**	**6,080,164**	**23,793,105**	**15,440,844**	**87,759,268**	**6,664,697**	**14,780,847**	**188,601,697**
Accumulated depreciation and impairment:								
Balance at 1 January 2015	6,940,965	3,747,492	11,444,057	6,618,377	14,002,004	1,798,471	1,466	44,552,832
Other transfers	3,109	2,536	(5,645)	-	-	-	-	-
Impairment and depreciation charge for the year (see note 8)	1,352,085	651,940	3,073,124	1,640,447	4,946,991	394,199	85	12,058,871
Arising on transfer of a subsidiary from the Government (see note 9)	10,101	10,727	2,147	-	153,293	177,618	-	353,886
Acquired on business combinations (see note 10)	667,391	330,787	386,185	-	9,235	-	-	1,393,598
Transfer to investment properties (see note 13)	(797)	-	-	-	-	-	-	(797)
Transfer to inventories	-	-	-	-	-	(272)	-	(272)
Relating to disposals during the year	(198,345)	(173,956)	(1,587,783)	-	(1,423,567)	(315,066)	-	(3,698,717)
Write off during the year	(1,365)	(16)	(2,863)	-	-	-	-	(4,244)
Translation differences	(64,512)	(22,841)	(77,659)	-	(551)	-	-	(165,563)
At 31 December 2015	**8,708,632**	**4,546,669**	**13,231,563**	**8,258,824**	**17,687,405**	**2,054,950**	**1,551**	**54,489,594**
Net book value:								
At 31 December 2015	**25,374,140**	**1,533,495**	**10,561,542**	**7,182,020**	**70,071,863**	**4,609,747**	**14,779,296**	**134,112,103**

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft AED'000*	*Aircraft engines and parts AED'000*	*Capital work-in-progress (CWIP) AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2014	21,544,890	4,531,576	20,580,914	11,007,882	64,665,108	4,884,742	11,170,866	138,385,978
Net transfers (to) / from investment properties (see note 13)	(41,330)	-		-	-	-	19,899	(21,431)
Transfers from development properties (see note 14)	38,539	-	33,621	-	-	-	-	72,160
Other transfers	2,388,664	280,599	757,758	-	15,527,619	660,190	(19,614,830)	-
Additions during the year	472,940	381,538	2,679,010	2,301,774	1,546,315	447,166	19,997,698	27,826,441
Acquired on business combinations (see note 10)	6,648,955	300,367	179	-	-	-	19,334	6,968,835
Disposals during the year	(162,800)	(214,641)	(1,921,038)	-	(736,844)	(61,925)	(159,795)	(3,257,043)
Translation differences	(64,794)	(16,470)	(70,167)	-	1	-	(4,128)	(155,558)
At 31 December 2014	30,825,064	5,262,969	22,060,277	13,309,656	81,002,199	5,930,173	11,429,044	169,819,382
Accumulated depreciation and impairment:								
Balance at 1 January 2014	5,894,271	3,320,015	10,341,074	5,456,291	10,313,537	1,462,256	967	36,788,411
Impairment and depreciation charge for the year (see note 8)	1,205,946	525,974	2,916,576	1,162,086	4,205,387	371,698	500	10,388,167
Relating to disposals during the year	(136,248)	(189,538)	(1,783,025)	-	(516,920)	(35,484)	-	(2,661,215)
Acquired on business combination (see note 10)	1,818	102,558	143	-	-	-	-	104,519
Transfer to investment properties (see note 13)	(7,347)	-	-	-	-	-	-	(7,347)
Translation differences	(17,475)	(11,517)	(30,711)	-	-	1	(1)	(59,703)
At 31 December 2014	6,940,965	3,747,492	11,444,057	6,618,377	14,002,004	1,798,471	1,466	44,552,832
Net book value:								
At 31 December 2014	23,884,099	1,515,477	10,616,220	6,691,279	67,000,195	4,131,702	11,427,578	125,266,550

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Land, buildings and leasehold improvements include:

(i) Certain buildings and leasehold improvements constructed on land granted by the Government. The Group accounted for this non-monetary government grant received during the previous years at nominal value.

(ii) Certain business premises erected on plots of land obtained on a leasehold basis from the Government/third parties. Management is of the opinion that the leases are renewable and that the land will be available to the Group on an ongoing basis in the foreseeable future.

(b) The net book value of property, plant and equipment includes AED 48,996,943 thousand (2014: AED 46,311,962 thousand) in respect of aircraft and aircraft engines held under finance leases. These are provided as security against finance lease liabilities included under borrowings and lease liabilities.

(c) Borrowing costs of AED 182,889 thousand (2014: AED 131,727 thousand) have been capitalised during the year.

(d) Capital work-in-progress mainly includes:

(i) pre-delivery payments of AED 8,931,313 thousand (2014: AED 7,742,373 thousand) in respect of aircraft due for delivery in the period to 2028 (2014: due for delivery in various years until 2028).

(ii) construction relating to pipeline, gas processing plant, berth facilities and construction of retail sites.

(e) Aircraft includes planes with a carrying value of AED 5,545,715 thousand (2014: AED 5,329,658 thousand) given on operating leases to various operators for lease terms of up to 17 years (2014: up to 18 years). The rentals are receivable on a monthly basis in advance and revenue is recognised when earned.

(f) Plant, machinery equipment and vehicles includes a refinery plant in Jebel Ali, constructed by one of the subsidiaries of the Group on leasehold land granted at a nominal lease rent from the Government. The lease is initially for a period of 15 years and can be renewed for a further period of 15 years.

12 INTANGIBLE ASSETS

	Licences and exclusive rights AED'000	*Goodwill AED'000*	*Customer relationships and trade names AED'000*	*Computer software AED'000*	*Service rights AED'000*	*Brands and contractual rights AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2015	11,876,907	15,013,502	624,885	1,275,972	1,300,174	1,052,439	169,638	31,313,517
Additions during the year	-	13,664	3,256	163,326	58,550	11	337,542	576,349
Arising on transfer of a subsidiary from the Government (see note 9)	-	-	-	43,471	-	-	35,447	78,918
Acquired on business combinations (see note 10)	-	285,604	342,010	104,412	8,592	1,956,747	1,462	2,698,827
Disposals during the year	(191,023)	(3,678,557)	(140,977)	(20,881)	-	(220,407)	(8,989)	(4,260,834)
Other transfers	-	-	-	168,032	-	-	(168,032)	-
Translation differences	(36,960)	(150,447)	(20,186)	(11,134)	(3,322)	(27,549)	(156)	(249,754)
At 31 December 2015	**11,648,924**	**11,483,766**	**808,988**	**1,723,198**	**1,363,994**	**2,761,241**	**366,912**	**30,157,023**
Accumulated amortisation and impairment:								
Balance at 1 January 2015	1,315,491	203,792	404,612	905,714	705,522	419,528	-	3,954,659
Impairment and amortisation charge for the year (see note 8)	449,940	-	59,947	170,239	91,929	81,409	-	853,464
Arising on transfer of a subsidiary from the Government (see note 9)	-	-	-	26,646	-	-	-	26,646
Acquired on business combinations (see note 10)	-	29,125	165,307	91,820	3,686	115,778	-	405,716
Relating to disposals during the year	(32,873)	(27,456)	(81,122)	(14,126)	-	(273)	-	(155,850)
Write off during the year	-	-	-	(1,025)	-	-	-	(1,025)
Translation differences	(7,077)	(9,552)	(12,762)	(5,944)	(232)	(13,218)	-	(48,785)
At 31 December 2015	**1,725,481**	**195,909**	**535,982**	**1,173,324**	**800,905**	**603,224**	**-**	**5,034,825**
Net book value:								
At 31 December 2015	**9,923,443**	**11,287,857**	**273,006**	**549,874**	**563,089**	**2,158,017**	**366,912**	**25,122,198**

12 INTANGIBLE ASSETS (continued)

	Licences and exclusive rights AED'000	*Goodwill AED'000*	*Customer relationships and trade names AED'000*	*Computer software AED'000*	*Service rights AED'000*	*Brands and contractual rights AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2014	11,774,940	14,964,393	580,514	1,172,880	1,110,792	936,204	134,481	30,674,204
Additions during the year	127,019	-	5,450	97,076	190,920	80	158,255	578,800
Disposals during the year	(8,625)	-	-	(113,731)	-	-	(3,181)	(125,537)
Acquired on business combination (see note 10)	-	213,891	53,187	6,894	-	181,122	-	455,094
Transfers	-	-	-	119,915	-	-	(119,915)	-
Translation differences	(16,427)	(164,782)	(14,266)	(7,062)	(1,538)	(64,967)	(2)	(269,044)
At 31 December 2014	11,876,907	15,013,502	624,885	1,275,972	1,300,174	1,052,439	169,638	31,313,517
Accumulated amortisation and impairment:								
Balance at 1 January 2014	869,557	213,222	346,415	838,441	514,361	379,918	-	3,161,914
Impairment and amortisation charge for the year (see note 8)	460,201	22	61,641	128,427	191,161	74,979	-	916,431
Relating to disposals during the year	(8,625)	-	-	(57,892)	-	-	-	(66,517)
Translation differences	(5,642)	(9,452)	(3,444)	(3,262)	-	(35,369)	-	(57,169)
At 31 December 2014	1,315,491	203,792	404,612	905,714	705,522	419,528	-	3,954,659
Net book value:								
At 31 December 2014	10,561,416	14,809,710	220,273	370,258	594,652	632,911	169,638	27,358,858

12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets
A significant proportion of goodwill and other intangible assets with indefinite useful lives of the Group as at 31 December 2015 relates to Emirates NBD PJSC, Emirates, dnata, Borse Dubai Limited and D-Clear Europe Limited. As at 31 December 2014, in addition to the aforementioned, Dubai Aerospace Enterprise Limited also had a significant portion of goodwill, that was derecognised upon the disposal of Standard Aero during 2015. Significant assumptions used by management in carrying out the impairment testing of such assets are as follow:

(a) Emirates NBD PJSC
The goodwill acquired through business combinations is reviewed annually for impairment by comparing the recoverable amount, based on value-in-use calculations for the cash-generating units (CGUs) to which goodwill has been allocated, with their carrying value.

The goodwill has been allocated to four CGUs:

- Corporate banking
- Consumer banking
- Treasury
- Emirates NBD Egypt

Key assumptions used in impairment testing for goodwill

The recoverable amount of the CGUs has been determined based on a value-in-use calculation, using cash flow projections covering a five-year period and applying a terminal growth rate thereafter.

The calculation of the value-in-use of a CGU is most sensitive to the following assumptions:

- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product ("GDP"); and
- Local inflation rates.

Interest margins
Interest margins are based on average values achieved in the three years preceding the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates
Discount rates reflect management's estimate of return on capital employed ("ROCE") required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the Weighted Average Cost of Capital ("WACC").

Projected growth rate, GDP and local inflation rates
Assumptions are based on published industry research.

At 31 December 2015, the goodwill allocated to Corporate Banking was AED 3,364 million (2014: AED 3,364 million), the goodwill allocated to Consumer Banking was AED 1,700 million (2014: AED 1,700 million) the goodwill allocated to Treasury was AED 206 million (2014: AED 206 million), and the goodwill allocated to Emirates NBD Egypt was AED 121 million (2014: AED 135 million).

12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)
The recoverable amount of the CGUs has been determined on the basis of value-in-use calculation using cash flow projections covering a five year period, with a terminal growth rate of 2% applied thereafter. The forecasted cash flows have been discounted at a rate of 9.6%. A one percent increase in the discount rate or one percent decrease in the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

CGUs	***One percent increase in discount rate (AED million)***	***One percent decrease in in terminal growth rate (AED million)***
Corporate Banking	8,249	6,205
Consumer Banking	6,112	4,597
Treasury	456	343
Emirates NBD Egypt	755	568

(b) Emirates
For the purpose of testing the goodwill for impairment, the recoverable amounts of the CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period. Cash flows beyond the three year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long term growth rate does not exceed the long term average growth rate for the markets in which the CGUs operate. Any reasonably possible change to the assumptions will not lead to an impairment. The goodwill allocated to the CGUs or group of CGUs and the key assumptions used in the value-in-use calculations are as follows:

		Goodwill (AED' million)				
CGUs	***Location***	***2015***	***2014***	***Discount rate % 2015***	***Gross margin % 2015***	***Terminal growth rate % 2015***
Consumer goods	UAE	**159**	159	12	25	4
In-flight catering	UAE	**369**	369	12	22	4
Food and beverage	UAE	**25**	25	12	34	4
Food and beverage	Australia	**3**	3	12	22	4
		556	556			

12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)

(c) dnata

For the purpose of testing the goodwill for impairment, the recoverable amounts of the CGUs or group of CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a period of three years. Cash flows beyond such period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rate based on management's expectations for market development. The long term growth rate does not exceed the long term average growth rate for the markets in which the CGUs or group of CGUs operate. The goodwill allocated to CGUs or group of CGUs and the key assumptions used in the value-in-use calculations are as follows:

CGUs	*Location*	*Goodwill (AED million)* **2015**	*2014*	***Discount rate % 2015***	***Gross margin % 2015***	***Terminal growth rate % 2015***
Airport operations	Singapore	88	94	7	15	3
Airport operations	Switzerland	252	252	6	7	2
Airport operations	Australia	28	30	10	16	3
Airport operations	Netherlands	57	-	-	-	-
In-flight catering group	UK	475	523	8	10	2
Online travel services	UK	505	531	9	10	2
Travel services	UK	193	202	9	8	2
Travel services	UAE	3	3	-	-	-
Others	UAE	66	-	-	-	-
		1,667	1,635			

The recoverable value of CGUs or group of CGUs would not fall below their carrying amount with a 1% reduction in the terminal growth rate or a 1% increase in the discount rate.

(d) Borse Dubai Limited

Goodwill relating to Borse Dubai Limited has a carrying value of AED 2,883 million (2014: AED 2,883 million). Management allocates the entire goodwill to Dubai Financial Market PJSC (“DFM”), a subsidiary of Borse Dubai Limited. There was no indication of impairment of such goodwill as at 31 December 2015 and 31 December 2014 as DFM’s quoted market price at 31 December 2015 and 2014 was higher than the carrying amount of DFM at the respective dates.

(e) Dubai Aerospace Enterprise Limited

As at 31 December 2014, the recoverable amount of the goodwill was determined based on a value-in-use calculation using cash flow projections from financial plans, covering a six year period. The average gross margin used in these plans was 14%, which was based upon historical results. The pre-tax discount rate applied to these cash flow projections was 10% per annum, reflecting the Group’s estimate of risks specific to the business. Cash flows beyond the six year period were extrapolated using a growth rate of approximately 2% per annum based upon historical growth results of the then existing business lines. Based on the results of this analysis, the Group determined that the carrying value of the goodwill was not to be impaired as of 31 December 2014.

The entire goodwill of DAE was attributable to one of its subsidiaries Standard Aero Inc., which has been disposed during the year (see note 23 (c)).

12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)

(f) D-Clear Europe Limited

Goodwill relating to D-Clear has a carrying value of AED 656,569 thousand (2014: AED 679,214 thousand). The Group considers that goodwill relates to one of D-Clear's subsidiaries and hence it is treated as the CGU.

Management has performed value in use calculations using cash flow projections for this subsidiary of the Group from a forecast for the year to 31 December 2016. Beyond that date, cash flow projections are extrapolated to reflect an improvement in trading performance for a further two years to December 2018. The pre-tax rate discount rate applied to the cash flow projections is 10.9% per annum (2014: 10.9% per annum) and cash flows beyond December 2018 are extrapolated using a 1.5% per annum (2014: 1.5% per annum) growth rate. Based on the results of this analysis, management has concluded that no impairment is required for the years ended 31 December 2015 or 31 December 2014. A rise in the pre-tax discount rate to 11.9% (i.e. +1.0%) as well as a reduction to 0.4% in the long term growth rate would also result in an impairment of goodwill.

13 INVESTMENT PROPERTIES

	2015	*2014*
	AED'000	*AED'000*
Cost:		
Balance at the beginning of the year	**10,659,341**	9,435,324
Additions during the year	**1,033,348**	1,146,554
Transfers (to) / from property, plant and equipment (see note 11)	**(49,433)**	21,431
Transfers from development properties (see note 14)	**340,880**	393,314
Transfers to inventories	**-**	(188,843)
Transfer to assets directly associated with disposal group classified as held for sale (see note 23)	**(491,201)**	-
Acquired on business combinations (see note 10)	**452,874**	-
Write off during the year	**(95,027)**	-
Disposals / transfers during the year	**(652,711)**	(148,439)
Translation difference	**(8,658)**	-
At 31 December	**11,189,413**	10,659,341
Accumulated depreciation and impairment:		
Balance at the beginning of the year	**2,658,091**	2,036,344
Depreciation and impairment charge for the year (see note 8)	**181,188**	749,075
Write off during the year	**(95,027)**	-
Reversal of impairment loss recognised previously against the value of the investment property (see note 3)	**(3,208)**	(70,247)
Transfers from property, plant and equipment (see note 11)	**797**	7,347
Relating to disposals during the year	**(188,867)**	(64,428)
Acquired on business combinations (see note 10)	**53,012**	-
Translation difference	**(6,787)**	-
At 31 December	**2,599,199**	2,658,091
Net book value:		
At 31 December	**8,590,214**	8,001,250

13 INVESTMENT PROPERTIES (continued)

13.1 The fair values of investment properties as at the end of the reporting period have been determined both internally by management and through third party valuations. Based on such assessment, impairment amounting to AED 41,184 thousand has been recorded during the year ended 31 December 2015 (2014: AED 623,160 thousand). The fair value measurement of investment properties has been categorised as a level 3 fair value based on the inputs of valuation techniques used. Any significant movement in the assumptions used for the fair valuation of investment properties such as discount rates, yield, rental growth, vacancy rate etc. would result in significantly lower / higher fair value of those assets.

14 DEVELOPMENT PROPERTIES

	2015 AED'000	*2014 AED'000*
Cost:		
Balance at the beginning of the year	**537,464**	564,284
Additions during the year	**330,615**	482,772
Transfers to property, plant and equipment (see note 11)	**(162,869)**	(72,160)
Transfers to cost of revenues	**(1,719)**	(25,805)
Transfers to investment properties (see note 13)	**(340,880)**	(393,314)
Net movement in capital advances during the year	**6,384**	(18,313)
At 31 December	**368,995**	537,464
Accumulated impairment:		
Balance at the beginning of the year	**45,600**	88,270
Reversal of impairment during the year (see note 3)	**(2,799)**	(42,670)
At 31 December	**42,801**	45,600
Net book value:		
At 31 December	**326,194**	491,864

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2015 AED'000	*2014 AED'000*
Investments in associates	**24,094,043**	23,531,975
Investments in joint ventures	**15,473,504**	14,490,711
	39,567,547	38,022,686

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Movement in investments in associates and joint ventures during the year is as follows:

	2015 ***AED'000***	*2014* *AED'000*
Balance at the beginning of the year	**38,022,686**	31,333,268
Investments made during the year (see note (a) and 23)	**1,637,307**	10,916,976
Share of results of associates and joint ventures - net	**4,004,926**	4,656,750
Dividends received	**(1,768,854)**	(3,785,547)
Arising from business combinations (see note 10)	**60,671**	-
Actuarial losses on defined benefit plans	**(49,754)**	(21,927)
Dilution / deemed disposal of investments during the year	**-**	(226,422)
Gain on dilution of investment in an associate's subsidiary (see note (b))	**-**	984,842
Conversion of previously owned associates to subsidiaries (see note (a))	**(1,972,852)**	(13,375)
Impairment on investments in associates and joint ventures – net (see note 4)	**-**	(406,899)
Disposal of stake (see note (c))	**(4,811)**	(711,021)
Transfer to marketable securities (see note (c))	**-**	(3,970,569)
Amounts recognised directly in equity		
- Translation difference	**(187,967)**	(152,522)
- Cumulative changes in fair value	**(234,702)**	(510,820)
- Others	**60,897**	(70,048)
At 31 December	**39,567,547**	38,022,686

a) During 2015, the Group increased its ownership stake in Kerzner (acquired in previous year) and gained control of it with an investment of AED 558,541 thousand, in addition to the investment of AED 1,292,537 thousand made in 2014. The Group has accordingly started accounting for Kerzner as a subsidiary (see note 10(a)).

b) During 2014, an associate of the Group sold 2,000,000,000 shares (face value of AED 1 per share) of its subsidiary, Emaar Malls Group LLC ("EMG LLC"), representing 15.37% of the associate's investment in EMG LLC, through a secondary offering of shares in an Initial Public Offering ("IPO") and raised AED 5,800,000 thousand. Subsequent to the IPO, the Group's share of profit on the sale of EMG LLC's shares of AED 984,842 thousand (net of direct costs incurred) was directly recognised in retained earnings.

c) During 2014, a subsidiary of the Group sold a portion of its holding in its associate, London Stock Exchange ("LSE") and subsequently subscribed to rights shares issued by LSE. The net effect of these transactions led to a decrease in the Group's investment in LSE from 20.65% to 17.40%, and therefore the loss of the ability of the Group to exercise significant influence over LSE.

Consequently, the investment in LSE was reclassified from investments in associates to available-for-sale investments, thus resulting in the recognition of the following amounts in the consolidated income statement:

	2014 *AED'000*
Profit on disposal of investment	313,092
Gain on reclassification from investments in associates to available-for-sale investments	1,839,543
Reserves recycled to the consolidated income statement*	414,863
Day 1 gain on additional shares purchased	465,560
Gain on disposal of stake in an indirect associate (see note 3)	3,033,058

During the current year, the subsidiary sold its remaining investment in LSE for the equivalent of AED 7.40 billion (USD 2 billion).

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

d) The following table summarises the statement of financial position of the Group's material associates and joint ventures:

31 December 2015

	*Emaar Properties PJSC*** AED'000*	*Dubai Islamic Bank PJSC*** AED'000*	*Nasdaq OMX Group Inc.*** AED'000*	*Emirates Global Aluminium PJSC* AED'000 (see note 23)*
Total assets	81,460,904	149,630,419	44,349,900	54,403,225
Total liabilities	(43,460,428)	(127,103,976)	(22,582,875)	(33,343,016)
Net assets	**38,000,476**	**22,526,443**	**21,767,025**	**21,060,209**
Group's share of net assets	**9,422,909**	**4,268,491**	**3,944,186**	**10,530,104**

31 December 2014

	*Emaar Properties PJSC** AED'000*	*Dubai Islamic Bank PJSC** AED'000*	*Nasdaq OMX Group Inc.** AED'000*	*Emirates Global Aluminium PJSC* AED'000 (see note 23)*
Total assets	74,179,256	123,620,274	45,180,450	51,872,652
Total liabilities	(38,548,682)	(106,181,275)	(22,726,200)	(32,494,270)
Net assets	35,630,574	17,438,999	22,454,250	19,378,382
Group's share of net assets	9,076,408	3,233,835	3,960,930	9,689,191

* The difference between Group's carrying value of investment in joint venture and Group's share of net assets of joint venture predominantly relates to the difference between carrying value of net assets and its fair value at the time of acquisition of such joint venture.

** The difference between Group's carrying value of investment in these associates and Group's share of net assets of these associates, where applicable, predominantly relates to goodwill and intangible assets included in the Group's carrying value of such associate.

e) The following table summarises the income statement and statement of other comprehensive income of the Group's material associates and joint ventures:

Year ended 31 December 2015

	Emaar Properties PJSC AED'000	***Dubai Islamic Bank PJSC AED'000***	***Nasdaq OMX Group Inc. AED'000***	***Emirates Global Aluminium PJSC AED'000***
Revenue	10,215,999	7,209,086	12,469,275	18,697,734
Profit for the year	**2,588,411**	**3,202,031**	**1,565,550**	**1,670,362**
Other comprehensive income for the year	(716,458)	(154,422)	(668,850)	11,471
Total comprehensive income for the year	**1,871,953**	**3,047,609**	**896,700**	**1,681,833**
Group's share of total comprehensive income for the year	**514,703**	**850,725**	**162,483**	**840,917**
Dividend paid to the Group during the year	**295,291**	**464,414**	**98,487**	**-**

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

e) The following table summarises the income statement and statement of other comprehensive income of the Group's material associates and joint ventures (continued)

Year ended 31 December 2014

	Emaar Properties PJSC *AED'000*	*Dubai Islamic Bank PJSC* *AED'000*	*Nasdaq OMX Group Inc.* *AED'000*	*Emirates Global Aluminium PJSC* *AED'000*
Revenue	9,893,205	5,970,935	12,895,575	15,834,677
Profit for the year	3,293,205	2,357,273	1,514,100	3,046,530
Other comprehensive income for the year	(142,293)	69,968	(2,260,125)	(19,413)
Total comprehensive income for the year	3,150,912	2,427,241	(746,025)	3,027,117
Group's share of total comprehensive income for the year	866,359	677,552	(131,599)	1,513,559
Dividend paid to the Group during the year	2,742,984	275,917	62,475	-

f) The following table summarises the Group's share of results in individually immaterial associates for the year:

	2015 ***AED'000***	*2014* *AED'000*
Profit for the year	**867,666**	712,345
Other comprehensive income for the year	**(79,845)**	(34,890)
Group's share of total comprehensive income for the year	**787,821**	677,455
Carrying amount of the Group's interest	**4,815,827**	5,671,719

g) The following table summarises the Group's share of results in individually immaterial joint ventures for the year:

	2015 ***AED'000***	*2014* *AED'000*
Profit for the year	**438,843**	525,923
Other comprehensive income for the year	**(9,228)**	(1,953)
Group's share of total comprehensive income for the year	**429,615**	523,970
Carrying amount of the Group's interest	**3,971,187**	3,829,221

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

h) The market values, as at 31 December, of the Group's interest held in various associates whose securities are quoted, are as follows:

	2015 ***AED'000***	*2014* *AED'000*
Emaar Properties PJSC	**11,201,366**	14,292,077
Dubai Islamic Bank PJSC	**6,820,679**	7,615,321
Commercial Bank of Dubai PSC	**3,531,445**	2,914,843
Nasdaq OMX Group Inc.	**6,365,100**	5,247,900
Emirates Refreshment PSC	**29,400**	29,340
Dubai Development Company PSC	**-**	6,000

The carrying value of the above associates is AED 20,925,877 thousand (2014: AED 19,434,102 thousand).

All the associates and joint ventures of the Group have been tested for impairment on an individual basis using value-in-use models, where their recoverable amount was less than their carrying value, and any resulting impairment losses have been recorded in the consolidated income statement.

16 INVESTMENTS IN MARKETABLE SECURITIES

	2015 ***AED'000***	*2014* *AED'000*
Available-for-sale investments		
Equities – quoted	**6,315,131**	14,531,240
Equities – unquoted	**2,081,063**	2,688,096
Sovereign bonds	**8,487,256**	7,233,955
Corporate bonds	**5,409,335**	4,254,804
Others (including mutual funds and capital guaranteed notes)	**872,147**	1,010,908
	23,164,932	29,719,003
Held-to-maturity investments		
Corporate bonds	**1,017,863**	995,519
Sovereign bonds	**86,541**	154,283
Others	**60,090**	-
	1,164,494	1,149,802
Fair value through profit or loss		
Equities	**331,789**	420,964
Hybrid instruments	**24,535**	31,720
Sovereign bonds	**10,705**	151,481
Corporate bonds	**1,866,768**	547,037
Others (including mutual funds)	**285,613**	627,847
	2,519,410	1,779,049
Total investments in marketable securities	**26,848,836**	32,647,854

16 INVESTMENTS IN MARKETABLE SECURITIES (continued)

	2015	*2014*
	AED'000	*AED'000*
Disclosed as follows:		
Non-current assets	**20,652,573**	29,125,832
Current assets	**6,196,263**	3,522,022
	26,848,836	32,647,854

The change in fair value of investments in marketable securities during the year is as follows:

	2015	*2014*
	AED'000	*AED'000*
Change in fair value of available-for-sale investments recognised in equity	**(1,312,046)**	1,431,853
Change in fair value of investments classified as at fair value through profit or loss (see note 3)	**(26,010)**	103,710

The available-for-sale investments include securities with carrying value of AED 248,334 thousand (2014: AED 35,369 thousand) that have been pledged under a repurchase agreement (see note 34).

As at year end, the Group holds the following financial instruments measured at fair value:

	31 December 2015 AED'000	***Financial instruments carried at fair value***		
		Level 1 AED'000	***Level 2 AED'000***	***Level 3 AED'000***
Available-for-sale investments	23,164,932	14,712,332	5,942,912	2,509,688
Fair value through profit or loss	2,519,410	2,179,325	108,849	231,236
Derivative financial instruments - net (see note 29)	(488,138)	288,054	(1,100,900)	324,708
	25,196,204	**17,179,711**	**4,950,861**	**3,065,632**

	31 December 2014 AED'000	*Financial instruments carried at fair value*		
		Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*
Available-for-sale investments	29,719,003	22,019,591	4,742,699	2,956,713
Fair value through profit or loss	1,779,049	1,586,212	95,516	97,321
Derivative financial instruments - net (see note 29)	(257,785)	505,446	(677,540)	(85,691)
	31,240,267	24,111,249	4,160,675	2,968,343

During current or prior year, there have been no transfers between Level 1 and Level 2 of the fair value of hierarchy.

16 INVESTMENTS IN MARKETABLE SECURITIES (continued)

The following table shows a reconciliation of the opening and closing amounts of investments classified within Level 3 of the fair value hierarchy:

	2015 ***AED'000***	*2014* *AED'000*
Balance at the beginning of the year	**2,968,343**	3,285,150
Investments made during the year	**504,967**	(5,172)
Settlements / disposals of investment during the year	**(1,117,520)**	(228,484)
Arising on business combinations	**763,768**	(179,601)
Fair value movement during the year taken to consolidated income statement	**451,459**	(73,563)
Fair value movement during the year taken to statement of other comprehensive income	**(44,948)**	195,603
Net transfers from / (to) Level 1 and Level 2	**97,741**	(25,590)
Due to change in ownership of previously owned investment	**(558,178)**	-
At 31 December	**3,065,632**	2,968,343

17 OTHER NON-CURRENT ASSETS

	2015 ***AED'000***	*2014* *AED'000*
Loans to / receivables from Government, MOF and other related parties (see notes 17.1 and 37 (b))	**12,839,711**	13,708,265
Loans to / receivables from associates and joint ventures (see note 37 (b))	**4,679,666**	4,535,404
Advance lease rentals (see note 17.3)	**2,102,284**	844,675
Fair value of guarantee from a related party (see notes 17.2)	**-**	2,000,000
Lease acquisition cost	**596,747**	533,500
Long term retentions	**409,730**	9,380
Other receivables	**2,662,279**	665,895
	23,290,417	22,297,119
Less: provision for impairment (see note 17.4)	**(86,887)**	(415,578)
	23,203,530	21,881,541

17.1 One of the subsidiaries of the Group was historically required to provide retail gasoline at a fixed price in the UAE. Effective 1 August 2015, the UAE Ministry of Energy announced a new pricing policy linked to global oil prices. As a result, the prices of retail gasoline and diesel are set based on the average of international fuel price trackers and an addition of a margin for distribution companies. Included in the amounts receivable from related parties is an amount of AED 11,480,553 thousand (2014: AED 11,664,450 thousand) due from the Government representing a receivable in respect of such cost overruns, of which the cost overrun for 2015 is AED 166,110 thousand (2014: AED 2,110,920 thousand), and the balance represents amounts due in respect of cost overruns for previous years since 2008, under the terms of a government grant. Accordingly, an amount of AED 166,110 thousand (2014: AED 2,110,920 thousand) has been adjusted against product purchases (cost of revenue) in the consolidated income statement. The outstanding receivable is subject to interest at the rate of EIBOR plus 150 basis points per annum. The interest on the outstanding receivable for the year ended 31 December 2015 amounted to AED 277,830 thousand (2014: AED 263,505 thousand).

17.2 In connection with the acquisition of Dubai Bank by the Group's banking subsidiary, the Government had provided a guarantee of up to AED 2 billion for 7 years from the date of acquisition for any losses relating to the assets and liabilities that existed on the date of acquisition (the "Guarantee"). In 2013, the claims under the Guarantee reached the maximum limit of AED 2 billion. During the current year, the full amount of the Guarantee amounting to AED 2 billion was settled.

17 OTHER NON-CURRENT ASSETS (continued)

17.3 Movement in advance lease rentals:

	2015 AED'000	*2014 AED'000*
Balance at the beginning of the year	**1,000,674**	1,036,233
Additions during the year	**1,562,797**	140,733
Charge for the year (see note 8)	**(198,398)**	(175,340)
Translation differences	**(1,251)**	(952)
At 31 December	**2,363,822**	1,000,674

Advance lease rentals are reflected in the consolidated statement of financial position as follows:

	2015 AED'000	*2014 AED'000*
Within one year (see note 19)	**261,538**	155,999
After one year	**2,102,284**	844,675
	2,363,822	1,000,674

Advance lease rentals are non - refundable in the event of the related lease being terminated prior to its expiry.

17.4 Movements in provision for impairment during the year are as follows:

	2015 AED'000	*2014 AED'000*
Balance at the beginning of the year	**415,578**	520,013
Allowance for impairment made during the year - net of recoveries (see note 4)	**62,191**	19,315
Arising on business combinations	**625,440**	-
Amounts written-off during the year	**(944,591)**	(123,750)
Translation differences	**(71,731)**	-
At 31 December	**86,887**	415,578

18 INVENTORIES

	2015 AED'000	*2014 AED'000*
Finished goods / inventory property	**4,717,885**	5,519,696
Raw materials	**543,778**	1,437,999
Spare parts and consumables	**1,228,510**	1,010,667
Work-in-progress	**-**	497,000
Engineering	**719,204**	734,917
Goods in-transit	**839,434**	457,755
Consumer goods	**393,615**	377,994
Others	**256,815**	229,728
	8,699,241	10,265,756
Less: provision for slow moving and obsolete inventories	**(330,909)**	(589,099)
	8,368,332	9,676,657

19 TRADE AND OTHER RECEIVABLES

	2015 AED'000	2014 AED'000
Trade receivables	**11,298,785**	11,915,553
Prepayments and other receivables	**7,326,811**	8,832,093
Amounts receivable from Government, MOF and other related parties (see note 37 (b))	**7,638,588**	8,341,259
Accrued interest receivable	**1,735,901**	1,440,076
Contract receivables	**777,062**	329,486
Loan receivables	**208,972**	-
Retentions receivable - current portion	**29,657**	32,298
Amounts receivable from associates and joint ventures (see note 37 (b))	**818,369**	1,067,281
Advances to suppliers	**56,019**	37,944
Operating lease deposits	**499,137**	500,321
Advance lease rentals (see note 17.3)	**261,538**	155,999
	30,650,839	32,652,310
Less: provision for impairment of receivables (see note below)	**(1,611,514)**	(647,433)
	29,039,325	32,004,877

Movements in provision for impairment of trade/contract receivables during the year are as follows:

	2015 AED'000	2014 AED'000
Balance at the beginning of the year	**647,433**	507,050
Charge for the year (see note 4)	**362,448**	306,997
Amounts written off	**(836,068)**	(105,061)
Reversal during the year (see note 4)	**(138,096)**	(59,913)
Arising on business combinations	**1,674,913**	1,540
Upon disposal of an indirect subsidiary	**(735)**	-
Translation differences	**(98,381)**	(3,180)
At 31 December	**1,611,514**	647,433

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	2015 AED'000	2014 AED'000
Murabaha	**30,737,811**	24,166,267
Ijara	**15,124,343**	11,774,940
Wakala	**16,587,700**	9,982,541
Mudaraba	**188,708**	28,488
Istisna'a	**1,180,460**	1,084,847
Secured overdraft and credit cards receivable	**896,408**	606,923
Others	**979,372**	993,647
	65,694,802	48,637,653
Less: Deferred income	**(2,533,031)**	(2,466,395)
Less: Allowance for impairment (see note below)	**(4,639,313)**	(4,222,473)
	58,522,458	41,948,785
Total of impaired Islamic financing and investment products	**5,820,107**	4,910,387

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Islamic financing and investment products include AED 1,071,138 thousand (2014: AED 1,068,407 thousand) due from Government, MOF and other related parties and AED 12,139,424 thousand (2014: AED 5,392,673 thousand) due from associates and joint ventures (see note 37 (b)).

Corporate Ijara assets of AED 3.7 billion (2014: AED 3.7 billion) were securitised for the purpose of issuing Sukuks (see note below).

	2015	*2014*
	AED'000	*AED'000*
Analysis by economic activity:		
Services and personal loans	**30,431,419**	23,610,614
Construction and real estate	**9,408,400**	7,651,657
Trade	**2,872,553**	2,276,885
Financial services	**17,217,200**	11,505,468
Transport and communication	**1,301,352**	729,069
Manufacturing	**1,811,992**	802,976
Agriculture and allied activities	**17,389**	6,172
Others	**2,634,497**	2,054,812
	65,694,802	48,637,653
Less: Deferred income	**(2,533,031)**	(2,466,395)
Less: Allowance for impairment (see note below)	**(4,639,313)**	(4,222,473)
	58,522,458	41,948,785
Disclosed as follows:		
Non-current assets	**31,531,485**	26,715,715
Current assets	**26,990,973**	15,233,070
	58,522,458	41,948,785
Movement in allowance for impairment:		
Balance at the beginning of the year	**4,222,473**	3,427,860
Allowance for impairment made during the year (net of recoveries (see note 4))	**937,879**	1,377,781
Write-offs during the year	**(521,039)**	(583,168)
At 31 December	**4,639,313**	4,222,473

Securitisation of Islamic Financing Receivables in Emirates NBD PJSC (the "Bank"), the banking subsidiary of the Group

During 2012, the Bank transferred certain identified ijara assets of AED 3.7 billion (the "co-owned assets") of its subsidiary, Emirates Islamic Bank, to EIB Sukuk company limited – (the "Issuer"), a special purpose vehicle formed for the issuance of the sukuk to raise two tranches of US Dollar denominated medium term finance amounting to USD 500 million each (totalling AED 3.7 billion) via a Sharia'a compliant sukuk financing arrangement. This medium term finance is carried at amortised cost. The sukuks are listed on the London Stock Exchange.

In substance, the co-owned assets remain in control of the Bank; accordingly these assets continue to be recognised by the Bank. In the event of any default, the Bank has provided an undertaking to make good all losses to the sukuk holders. The sukuks will be due for maturity in January 2017 and June 2017 respectively. The assets are in the control of the Bank and shall continue to be serviced by the Bank.

The Issuer will pay a semi-annual distribution amount from returns received in respect of the co-owned assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the assets at the exercise price.

21 LOANS AND RECEIVABLES

Loans and receivables represent the receivables arising from the banking operations of the Group carried out through a banking subsidiary. The details of loans and receivables are as follows:

	2015 ***AED'000***	*2014* *AED'000*
Overdrafts	**101,438,537**	87,116,930
Time loans	**124,044,954**	122,990,427
Loans against trust receipts	**8,244,741**	6,655,541
Bills discounted	**2,640,618**	3,172,386
Credit card receivables	**4,493,159**	3,726,677
Others	**606,838**	957,616
	241,468,847	224,619,577
Other debt instruments	**114,314**	143,317
Less: allowance for impairment (see note below)	**(18,670,128)**	(16,870,983)
Net loans and receivables	**222,913,033**	207,891,911
Disclosed as follows:		
Non-current assets	**78,315,082**	87,123,209
Current assets	**144,597,951**	120,768,702
Net loans and receivables	**222,913,033**	207,891,911
Total of impaired loans and receivables	**15,091,904**	15,800,839

Loans and receivables include AED 122,356,362 thousand (2014: AED 107,127,284 thousand) due from Government, MOF and other related parties and AED 26,466 thousand (2014: AED Nil) due from associates and joint ventures (see note 37 (b)).

	2015 ***AED'000***	*2014* *AED'000*
Analysis by segment:		
Corporate banking	**193,151,861**	180,767,585
Consumer banking	**29,602,250**	26,540,089
Treasury	**33,238**	45,328
Others	**125,684**	538,909
	222,913,033	207,891,911
Analysis by economic activity:		
Services (includes financial services)	**25,363,475**	28,048,485
Personal	**33,842,736**	30,052,875
Sovereign	**119,164,348**	105,864,659
Construction and real estate	**36,987,955**	36,634,688
Manufacturing	**7,567,864**	6,671,671
Trade	**12,845,359**	10,450,072
Transport and communication	**4,262,766**	5,125,345
Mining and quarrying	**507,313**	420,256
Agriculture and allied activities	**159,128**	71,022
Others	**882,217**	1,423,821
Loans and receivables before allowance for impairment	**241,583,161**	224,762,894
Less: allowance for impairment (see note below)	**(18,670,128)**	(16,870,983)
Net loans and receivables	**222,913,033**	207,891,911

21 LOANS AND RECEIVABLES (continued)

Movement in allowance for impairment

	2015 AED'000	*2014 AED'000*
Balance at the beginning of the year	**16,870,983**	17,184,010
Allowance for impairment made during the year (net of recoveries of AED 1,500,540 thousand (2014: AED 867,980 thousand)) (see note 4)	**2,198,658**	3,287,371
Amounts written-off during the year	**(391,487)**	(3,492,292)
Interest unwind on impaired loans and receivables	**-**	(87,136)
Exchange and other adjustments	**(8,026)**	(20,970)
At 31 December	**18,670,128**	16,870,983

Loan Securitisation in Emirates NBD PJSC

Incorporation of Emirates NBD Asset Finance Companies in Ireland and Cayman Islands for asset securitisation

On 8 June 2012, ENBD Asset Finance Company No.1 Limited and on 1 June 2012, ENBD Asset Finance Company No.2 Limited were incorporated under the respective Companies Law (Ireland and Cayman Islands) as special purpose entities (SPEs). The principal activity of these companies is to purchase portfolios of loans through issuance of notes.

On 9 October 2012, the Bank transferred corporate loans and receivables amounting to AED 1,876 million to ENBD Asset Finance Company No.1 Limited. However, the Bank is exposed to all the credit risk and rewards associated with the transferred assets and hence the Bank continues to recognise these assets within loans and receivables and the transfers are accounted for as secured financing transactions. The associated liability of AED 1,876 million, secured by these assets, is included under debt issued and other borrowed funds and is carried at amortised cost. Further, the Bank, through ENBD Asset Finance Company No.2 Limited, entered into a total return swap contract referencing these notes' liability, thereby retaining all the risks and rewards associated with the loan exposures.

On 28 October 2014, the Bank transferred out loans and receivables of AED 918 million and, through ENBD Asset Finance Company No.2 Limited, entered into a total return swap contract referencing such loans and receivables thereby retaining all the risks and rewards associated with the loan exposure. The funding of AED 918 million secured by these assets is included under debt issued and other borrowed funds carried at amortised cost.

Since the Bank is exposed to variable returns from its involvement in the SPEs and has the ability to affect those returns through its power over the SPEs, these SPEs are consolidated in compliance with IFRS 10.

As at 31 December 2015, the corporate loans and receivables balance transferred to ENBD Asset Finance Company No.1 Limited is AED 2,282 million (2014: AED 2,334 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED 2,282 million (2014:AED 2,334 million).

Incorporation of Emirates NBD Auto Finance Limited and Emirates NBD Auto Financing Limited for asset securitisation

On 10 September 2009, Emirates NBD Auto Finance Limited ("APC") was incorporated under the Companies (Jersey) Law, 1991 and registered in Jersey as a limited company. The principal activity of APC is to purchase portfolios of loans through the issuance of notes.

21 LOANS AND RECEIVABLES (continued)

Loan Securitisation in Emirates NBD (continued)

Incorporation of Emirates NBD Auto Finance Limited and Emirates NBD Auto Financing Limited for asset securitisation (continued)

On 10 September 2009, Emirates NBD Auto Financing Limited ("Repack") was incorporated under the Companies (Jersey) Law, 1991 and registered in Jersey as a limited company. The principal activity of Repack is to invest in notes and securities through the issuance of notes.

On 10 August 2010, the Bank transferred retail auto loans and receivables of AED 968.5 million to APC (as at 31 December 2010). However, the Bank is exposed to credit risk associated with the transferred assets. Due to the retention of the risks and rewards of the transferred assets, the Bank continues to recognize these assets within loans and receivables and the transfers are accounted for as secured financing transactions. The associated liability of AED 857 million, secured by these assets, was included under debt issued and other borrowed funds and is carried at amortised cost.

During the year, the directors of APC and Repack have decided to discontinue the operations and liquidate the companies post completing all the formalities relating to the closure of business. During 2015, both APC and Repack made full repayments for the notes issued by them.

As at 31 December 2015, the auto loans and receivables includes AED Nil (2014: AED 405 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED Nil (2014: AED 254 million).

Consolidation of the Bank's Tranche of Emblem Finance Company No. 2 Limited (Multi-seller SPE) for asset securitisation

On 22 November 2010, the Bank transferred corporate loans and receivables of AED 2,193 million (as at 31 December 2010) to Multi-seller SPE. However, the Bank is exposed to all the credit risk and rewards associated with the transferred assets, and hence the Bank continues to recognise these assets within loans and receivables, and the transfers are accounted for as secured financing transactions. The associated liability of AED 2,193 million, secured by these assets, was included under debt issued and other borrowed funds and is carried at amortised cost.

Since the Bank is exposed to variable returns from its involvement in the SPEs and has the ability to affect those returns through its power over the SPEs, the Bank's tranche in the SPE is consolidated in compliance with IFRS 10.

As at 31 December 2015, the corporate loans and receivables balance transferred to Multi-seller SPE is AED Nil (2014: AED 182 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED Nil (2014: AED 180 million).

Securitisation of other Loans and Receivables

In November 2014, the Bank transferred to a SPE, corporate loans and receivables of AED 1,836 million. However, the Bank retained substantially all of the credit risk and rewards associated with the transferred assets, and hence the Bank continued to recognise these assets within loans and receivables, and the transfers were accounted for as secured financing transactions. The associated liability of AED 1,836 million, secured by these assets, was included under debt issued and other borrowed funds and was carried at amortised cost. The associated liability as at 31 December, 2014 was AED 1,836 million.

In November 2015, the Bank fully repaid these loans of AED 1,836 million.

22 CASH AND DEPOSITS WITH BANKS

	2015 AED'000	*2014 AED'000*
Banking operations		
Cash and deposits with Central Banks (as defined below)		
Cash	**3,694,925**	3,305,995
Interest bearing placements with Central Banks	**3,214,873**	1,918,037
Murabaha and interest bearing certificates of deposits with Central Banks (see note below)	**17,671,625**	26,771,851
Interest free statutory and special deposits with Central Banks (see note below)	**30,393,247**	24,643,090
Total (A)	**54,974,670**	56,638,973
Due from other banks		
Overnight, call and short notice	**15,276,464**	5,466,711
Time loans	**24,584,321**	14,376,133
Less: allowance for impairment	**(24,201)**	(30,777)
Total (B)	**39,836,584**	19,812,067
Total (C = A+B)	**94,811,254**	76,451,040
Non-banking operations		
Cash at banks and in hand	**7,410,459**	5,081,374
Short-term deposits	**32,172,720**	38,703,494
Placements with banks and other financial institutions	**752,247**	737,685
Total (D)	**40,335,426**	44,522,553
Total (C+D)	**135,146,680**	120,973,593
Disclosed as follows:		
Non-current assets	**3,176,279**	2,615,477
Current assets	**131,970,401**	118,358,116
	135,146,680	120,973,593

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents have been computed as explained below:

	2015 AED'000	*2014 AED'000*
Cash and deposits with banks - current	**131,970,401**	118,358,116
Islamic financing and investment products with original maturity of less than three months	**1,425,618**	6,965,877
Due to banks (see note 28)	**(18,822,719)**	(15,385,907)
Bank overdrafts (see note 28)	**(390,650)**	(545,276)
	114,182,650	109,392,810
Due to banks with original maturity of more than three months	**5,740,788**	3,846,645
Deposits with Central Banks for regulatory purposes	**(30,393,247)**	(24,643,090)
Murabahas and interest bearing certificates of deposits with Central Banks with original maturity of more than three months	**(6,300,000)**	(6,750,000)
Due from other banks and deposits with other banks with original maturity of more than three months	**(49,361,246)**	(56,100,387)
	33,868,945	25,745,978

22 CASH AND DEPOSITS WITH BANKS (continued)

Cash and deposits with banks include reserve requirements maintained by the Group's banking subsidiary with the Central Bank of UAE (the "Central Bank") and the various Central banks of countries in which the banking subsidiary operates (collectively the "Central Banks"). They are not available for use in the subsidiary's day to day operations and cannot be withdrawn without the approval of the Central Banks. The level of reserve required changes periodically in accordance with the directives of the Central Banks.

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATIONS

(a) Al Salwa Investment LLC ("Al Salwa")

Subsequent to the year end, the Group disposed of its 100% stake in Al Salwa to a newly formed joint venture, ICD Brookfield Place Dubai Limited ("ICD Brookfield"), in which the Group owns 50% and a third party owns the remaining 50% stake. Since, as at 31 December 2015, the Group was at an advance stage of discussion on this matter, Al Salwa has been classified under "assets held for sale" as at the reporting date.

Assets of disposal group classified as held for sale at 31 December 2015 are as follows:

	2015 ***AED'000***
Investment properties (see note 13)	**491,201**
Cash and deposits with banks	**183**
Assets of disposal group classified as held for sale	**491,384**

There were no associated liabilities of this disposal group as at the reporting date.

(b) North Sathorn Hotel Company Limited ("North Sathorn")

During the current year, the Group acquired an 80% ownership stake in North Sathorn for a cash consideration of USD 1 million. The acquisition was made with a view to dispose of North Sathorn within a year and it has been accordingly classified as an "asset held for sale" as at reporting date. As a part of this acquisition, a shareholder loan was novated to the Group without any consideration. As a result, AED 82,217 thousand was recognized as a "gain on bargain purchase" as presented below.

The movement in the fair value of North Sathorn's net assets is as follows :

	AED' 000
Fair value of net assets on the date of acquisition	**65,866**
Effect on re-measurement	**(5,428)**
Fair value as at 31 December 2015	**60,438**
Acquisition-date fair value of net assets acquired attributable to equity holders	**52,694**
Loan acquired	**82,217**
	134,911
Purchase consideration paid	**(3,675)**
Gain on bargain purchase	**131,236**

The split of gross assets and gross liabilities as at year end of North Sathorn is as follows:

Total assets	**464,407**
Total liabilities*	**321,752**

*Inter Company balance amounting to AED 82,217 thousand has been eliminated.

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCOUNTINUED OPERATIONS (continued)

(c) Standard Aero Inc.

On 26 May 2015, DAE announced the signing of a definitive agreement to sell its stake in Standard Aero Inc, and on 8 July 2015, DAE sold its stake in Standard Aero Inc to an affiliate of Veritas Capital for AED 5,008 million. This resulted in a gain of AED 2,072,717 thousand.

The results and cash flows of the discontinued operations included in the Group's consolidated income statement and consolidated statement of cash flows for the year ended 31 December 2015 (until the date of disposal) and for the year ended 31 December 2014 are set out below:

	Period / year ended 31 December	
	2015* ***AED'000***	*2014* *AED'000*
Revenues	**3,151,713**	6,305,164
Cost of revenues	**(2,670,126)**	(5,428,806)
General, administrative and other expenses	**(190,990)**	(362,777)
Other income	**38,966**	26,298
Other finance costs	**(113,275)**	(248,654)
Profit for the period before income tax from discontinued operations	**216,288**	291,225
Gain on sale of subsidiary	**2,072,717**	-
	2,289,005	291,225
Income tax benefit (see note 7)	**6,946**	6,332
Profit during the period/year from discontinued operations	**2,295,951**	297,557

The cash flow information of the discontinued operations of DAE US, Inc and its subsidiaries for the period are set out below:

	Period / year ended 31 December	
	2015* ***AED'000***	*2014* *AED'000*
Net cash generated from operating activities	**200,695**	359,511
Net cash used in investing activities	**(50,608)**	(139,246)
Net cash used in financing activities	**(392,711)**	(87,373)

* Represents the activity prior to the completion of the disposal of Standard Aero Inc., and hence this is not comparable to the prior year information, which represents the activity for the full year.

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCOUNTINUED OPERATIONS (continued)

d) Dubai Aluminium

On 3 June 2013, Dubal Holding LLC ("Dubal Holding"), a wholly owned subsidiary of the Group, and MDC Industry Holding Company LLC ("MDC Holding") entered into a combination agreement pursuant to which Dubal Holding and MDC Holding agreed to create Emirates Global Aluminium PJSC ("EGA") a jointly-held, equal ownership company to integrate the business of Dubai Aluminium ("DUBAL"), a then wholly owned subsidiary of the Group, and Emirates Aluminium Company Limited PJSC ("EMAL") (referred as the "Transaction").

During 2014, the Transaction was completed and DUBAL was transferred to EGA, resulting in profit for the year ended 31 December 2014 from discontinued operations as follows:

	AED'million
Carrying value of DUBAL on date of disposal	13,049
Consideration received (see below)	16,139
	3,090
Profit during the prior period until disposal	398
Reserve relating to discontinued operations reclassified from other comprehensive income to income statement (see note 26)	2,378
Profit from discontinued operations for the year ended 31 December 2014	5,866

The Group transferred the disposal group for a consideration of AED 16,139 million. The consideration received was partly in cash for AED 7,016 million and partly in the form of a 50% stake in the joint venture (EGA) having a fair value of AED 9,123 million.

24 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government, less returns made by ICD in cash or in kind. The movement in the capital of ICD during the year is as follows:

	2015 ***AED'000***	*2014* *AED'000*
Balance at the beginning of the year	**64,582,949**	64,534,449
Increase in capital during the year	**-**	48,500
Transfer of an entity under common control (note 9)	**522,205**	-
At 31 December	**65,105,154**	64,582,949

25 DISTRIBUTIONS PAID TO THE GOVERNMENT

Distributions totalling AED 6,858,424 thousand (2014: AED 2,765,429 thousand) were made to the Government.

26 OTHER RESERVES

	Legal and Statutory reserve AED'000	*Capital reserve AED'000*	*Merger reserve AED'000*	*Cost of share based payments AED'000*	*Cumulative changes in fair value AED'000*	*General reserve AED'000*	*Asset replacement reserve AED'000*	*Translation reserve AED'000*	*Others AED'000*	*Total AED'000*
Balance at 1 January 2015	2,379,535	1,728,220	9,179,312	17,267	3,354,512	313,466	11,673	(679,553)	(171,440)	16,132,992
Unrealised loss on available-for-sale investments (net)										
- ICD and its subsidiaries	-	-	-	-	(1,155,315)	-	-	-	-	(1,155,315)
- Associates and joint ventures	-	-	-	-	(226,644)	-	-	-	-	(226,644)
Unrealised gain / (loss) on hedging instruments (net)										
- ICD and its subsidiaries	-	-	-	-	(574,520)	-	-	-	-	(574,520)
- Associates and joint ventures	-	-	-	-	5,775	-	-	-	-	5,775
Foreign currency translation differences (net)										
- ICD and its subsidiaries	-	-	-	-	-	-	-	(266,665)	-	(266,665)
- Associates and joint ventures	-	-	-	-	-	-	-	(186,316)	-	(186,316)
Reserves transferred to retained earnings upon change in ownership of an investment	-	-	-	-	(198,377)	-	-	-	-	(198,377)
Reserves transferred to consolidated income statement	-	-	-	-	(91,102)	-	-	(7,931)	-	(99,033)
Total income and expense for the year recognised directly in equity	-	-	-	-	(2,240,183)	-	-	(460,912)	-	(2,701,095)
Change in ownership	-	-	-	-	(1,709)	-	-	-	-	(1,709)
Transfer from / (to) retained earnings and non-controlling interests	400,421	117,534	-	-	(504,623)	197,848	(648)	-	(41,200)	169,332
Upon acquisition of non-controlling interest in an indirect subsidiary	-	422,121	-	-	-	-	-	-	16,795	438,916
Arising on dilution of investment in an indirect associate	-	-	-	-	-	-	-	6,877	158,988	165,865
Upon disposal of an indirect subsidiary	-	-	-	-	4,230	-	-	-	-	4,230
Other movements	(1)	214,952	-	-	(931)	-	-	4,729	(218,785)	(36)
Total at 31 December 2015	**2,779,955**	**2,482,827**	**9,179,312**	**17,267**	**611,296**	**511,314**	**11,025**	**(1,128,859)**	**(255,642)**	**14,208,495**

26 OTHER RESERVES (continued)

	Legal and Statutory reserve AED'000	*Capital reserve AED'000*	*Merger reserve AED'000*	*Cost of share based payments AED'000*	*Cumulative changes in fair value AED'000*	*General reserve AED'000*	*Asset replacement reserve AED'000*	*Translation reserve AED'000*	*Others AED'000*	*Total AED'000*
Balance at 1 January 2014	1,971,394	1,504,071	9,179,316	17,267	3,844,891	309,247	10,309	(1,054,977)	(176,576)	15,604,942
Unrealised gain / (loss) on available-for-sale investments (net)										
- ICD and its subsidiaries	-	-	-	-	1,092,945	-	-	-	-	1,092,945
- Associates and joint ventures	-	-	-	-	(448,222)	-	-	-	-	(448,222)
Realized gain on available-for-sale investments transferred to consolidated income statement on disposal										
- ICD and its subsidiaries	-	-	-	-	(259,677)	-	-	-	-	(259,677)
Unrealised gain / (loss) on hedging instruments (net)										
- ICD and its subsidiaries	-	-	-	-	249,591	-	-	-	-	249,591
- Associates and joint ventures	-	-	-	-	(8,585)	-	-	-	-	(8,585)
Foreign currency translation differences (net)										
- ICD and its subsidiaries	-	-	-	-	-	-	-	(262,065)	-	(262,065)
- Associates and joint ventures	-	-	-	-	-	-	-	(142,862)	-	(142,862)
Other reserves										
- Associates and joint ventures	-	-	-	-	-	-	-	-	(653)	(653)
Cash flow hedge reserve relating to discontinued operations reclassified to consolidated income statement (see note 23)	-	-	-	-	(2,378,077)	-	-	-	-	(2,378,077)
Reclassification of reserve to consolidated income statement upon dilution of investment in associates – net	-	-	-	-	(1,116,993)	-	-	780,356	-	(336,637)
Total income and expense for the year recognised directly in equity	-	-	-	-	(2,869,018)	-	-	375,429	(653)	(2,494,242)
Discontinued operations (see note 23)	-	-	-	-	2,378,077	-	-	-	-	2,378,077
Transfer from / (to) retained earnings and non-controlling interests	408,143	219,782	-	-	-	4,219	1,364	-	(2,969)	630,539
Other movements	(2)	4,367	(4)	-	562	-	-	(5)	8,758	13,676
Total at 31 December 2014	2,379,535	1,728,220	9,179,312	17,267	3,354,512	313,466	11,673	(679,553)	(171,440)	16,132,992

26 OTHER RESERVES (continued)

Legal and statutory reserve
In accordance with the Articles of Association of various entities in the Group, and the UAE Federal Law No. (2) of 2015, the entities, as applicable, are required to transfer 10% of their annual profit for the year to a non-distributable legal reserve and such transfers may be discontinued when the reserve equals 50% of the paid up capital of the respective entities incorporated under UAE Federal Law No. (2) of 2015. The transfer of legal and statutory reserve made in the consolidated statement of changes in equity represents the transfers made by the entities net of legal reserve written back due to reclassification/disposal of subsidiaries.

Capital reserve
Capital reserve includes AED 1,447,234 thousand (2014: AED 1,447,234 thousand) in respect of the Group's share of reserve capitalised by two subsidiaries. The capital reserve is non-distributable.

Merger reserve
Merger reserve includes amounts relating to:
- Borse Dubai Limited
- Emirates NBD PJSC
- Aswaaq LLC
- National Bonds PJSC

In 2007, the Government transferred the ownership of Dubai Financial Market ("DFM") (80% shareholding) and NASDAQ Dubai Limited ("NASDAQ Dubai") (formerly Dubai International Financial Exchange Limited) (100% shareholding) to Borse Dubai Limited ("Borse Dubai"), without any consideration. This transaction was a common control transaction and accounted for using the pooling of interests method. Since no consideration was paid by Borse Dubai for the acquisition of DFM and NASDAQ Dubai, the entire amount of issued and paid up share capital of the two entities was recognised as a merger reserve in equity in these consolidated financial statements.

In 2007, the merger of Emirates Bank International PJSC and National Bank of Dubai PJSC into Emirates NBD PJSC resulted in a merger reserve of AED 3,460,860 thousand.

In accordance with the Emiri Decree No. 35 of 2011 passed by the Government, a 99% ownership interest in Aswaaq LLC ("Aswaaq"), a limited liability company registered in the Emirate of Dubai on 12 October 2009 under UAE Commercial Companies Law of 1984 (as amended) was transferred to ICD for a consideration of AED 99,000 thousand. This transaction was a common control transaction and was accounted for under the pooling of interests method. Accordingly, the excess of consideration over the book value of net assets, amounting to AED 91,827 thousand was recognised in merger reserve.

During prior years, the shareholders of National Bonds Corporation PJSC other than the Group, transferred their entire shareholding in National Bonds Corporation PJSC with immediate effect to the Group. This transaction was a common control transaction and was accounted for under the pooling of interests method. Accordingly, the excess of consideration over the book value of net assets, amounting to AED 595,639 thousand was recognised as a merger reserve.

Translation reserve
The translation reserve comprises of foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investments in foreign subsidiaries.

27 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employee's end of service benefits recognised in the consolidated statement of financial position are as follows:

	2015 ***AED'000***	*2014* *AED'000*
Balance at beginning of the year	**2,697,833**	2,211,921
Provision made during the year	**1,103,564**	979,698
End of service benefits paid	**(822,757)**	(717,747)
Actuarial loss on defined benefit plans	**18,676**	209,041
Arising on transfer of subsidiaries (see note 9)	**66,626**	-
Arising on business combinations (see note 10)	**209,908**	29,215
Other movements - net	**(41,056)**	(14,295)
At 31 December	**3,232,794**	2,697,833
Less: non-current portion	**(3,227,677)**	(2,693,687)
Current portion	**5,117**	4,146

Employees' Pension Scheme
Eligible UAE National employees of the Group are entitled to join the pension scheme operated for UAE National employees by the UAE General Pension and Social Security Authority (the "Pension Authority"). Accordingly, contributions for the period for eligible UAE National employees were made to the Pension Authority, in accordance with the provisions of Federal Law No. (7) of 1999 relating to Pension and Social Security and charged to the consolidated income statement.

Defined benefit obligations
In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 2% - 5% (2014: 2% - 5%) per annum and a discount rate of 2.15% - 4.5% (2014: 1.9% - 5%) per annum. The present values of the defined benefit obligations at 31 December were computed using the actuarial assumptions set out above.

The liabilities recognised in the consolidated statement of financial position are:

	2015 ***AED'000***	*2014* *AED'000*
Present value of funded defined benefit obligations	**2,973,785**	2,374,318
Less: Fair value of plan assets (see note below)	**(2,650,057)**	(2,236,394)
	323,728	137,924
Present value of unfunded defined benefit obligations	**2,909,066**	2,559,909
Employees' end of service benefits provision (see note above)	**3,232,794**	2,697,833

27 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(i) Funded schemes

Senior employees in certain subsidiaries based mainly in the UAE, participate in a defined benefit provident scheme (the "Fund") to which such subsidiaries contribute a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a regular basis irrespective of the Fund's performance and are not pooled, but are separately identifiable and attributable to each participant. The Fund comprises of a diverse mix of managed funds, and investment decisions are controlled directly by the participating employees.

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, the Group pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives between seventy five and one hundred percent of their fund balance. Vested assets of the scheme are not available to the Group or its creditors in any circumstances.

Movements in the fair value of the plan assets in respect of the funded schemes are as follows:

	2015 ***AED'000***	*2014* *AED'000*
At the beginning of the year	**2,236,394**	2,033,861
Contributions made	**328,998**	319,092
Arising on business combinations	**271,912**	-
Benefits paid	**(178,011)**	(139,590)
Change in fair value	**(15,400)**	38,567
Proceeds from curtailment of provident fund scheme	**(1,925)**	(1,242)
Other movements	**8,089**	(14,294)
At 31 December	**2,650,057**	2,236,394

The Group expects to contribute approximately AED 317 million for existing plan members during the year ending 31 December 2016.

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or other defined contribution plans, follow relevant local regulations, which are mainly based on period of cumulative service and levels of employees' final basic salary.

28 BORROWINGS AND LEASE LIABILITIES

	2015 ***AED'000***	*2014* *AED'000*
Banking operations		
Non-current liabilities		
Due to banks (see note 22)	**2,046,826**	367,300
Debts issued and other borrowed funds	**22,164,152**	23,099,448
Sukuk payable (Bonds)	**3,672,500**	3,673,000
(A)	**27,883,478**	27,139,748

28 BORROWINGS AND LEASE LIABILITIES (continued)

	2015 ***AED'000***	*2014* *AED'000*
Current liabilities		
Due to banks (see note 22)	**16,775,893**	15,018,607
Debts issued and other borrowed funds	**9,123,190**	3,598,243
(B)	**25,899,083**	18,616,850
Total (C=A+B)	**53,782,561**	45,756,598
Non-banking operations		
Non-current liabilities		
Bank borrowings	**28,885,040**	29,436,958
Bonds	**9,976,055**	12,834,344
Finance lease liabilities	**34,840,665**	34,335,014
Loan from Government, MOF and other related parties	**284,309**	1,207,589
Loans from associates and joint ventures	**9,575,150**	8,006,733
(D)	**83,561,219**	85,820,638
Current liabilities		
Bank borrowings	**11,313,951**	11,182,374
Bonds	**9,903,805**	6,150,240
Finance lease liabilities	**4,280,375**	4,056,516
Loans from Government, MOF and other related parties	**9,987,500**	9,187,500
Loans from associates and joint ventures	**1,583,810**	769,047
Bank overdrafts (see note 22)	**390,650**	545,276
(E)	**37,460,091**	31,890,953
Total (F=D+E)	**121,021,310**	117,711,591
Disclosed as follows:		
Non-current liabilities (A+D)	**111,444,697**	112,960,386
Current liabilities (B+E)	**63,359,174**	50,507,803
	174,803,871	163,468,189

Terms and conditions of outstanding loans and lease liabilities were as follows:

2015

	Notes	***Maturity profile***	***AED'000***
Debts issued and other borrowed funds	28(a)	2016-2026	**31,287,342**
Due to banks (see note 22)	28(b)	2016-2017	**18,822,719**
Bank borrowings	28(c)	2016-2026	**40,198,991**
Loans from Government, MOF and other related parties (see note 37 (b))	28(c)	2016-2031	**10,271,809**
Loans from associates and joint ventures (see note 37 (b))	28(c)	2016-2026	**11,158,960**
Bonds (including sukuk)	28(d)	2016-2025	**23,552,360**
Finance lease liabilities	28(e)	2016-2025	**39,121,040**
Bank overdrafts (see note 22)		2016	**390,650**
			174,803,871

28 BORROWINGS AND LEASE LIABILITIES (continued)

2014

	Notes	*Maturity profile*	*AED'000*
Debts issued and other borrowed funds	28(a)	2015-2026	26,697,691
Due to banks (see note 22)	28(b)	2015-2016	15,385,907
Bank borrowings	28(c)	2015-2026	40,619,332
Loans from Government, MOF and other related parties (see note 37 (b))	28(c)	up to 2016	10,395,089
Loans from associates and joint ventures (see note 37 (b))	28(c)	2015-2026	8,775,780
Bonds (including sukuk)	28(d)	2015-2025	22,657,584
Finance lease liabilities	28(e)	2015-2025	38,391,530
Bank overdrafts (see note 22)		2015	545,276
			163,468,189

The above interest / profit bearing loans and lease liabilities are denominated in various currencies.

a) Debts issued and other borrowed funds

	2015 ***AED'000***	*2014* *AED'000*
Medium-term note programme *	**26,067,612**	19,228,151
Term loans from banks	**2,938,000**	2,938,000
Borrowing raised from loan securitisations (see note 21)	**2,281,730**	4,531,540
	31,287,342	26,697,691

*Includes Tier 2 notes amounting to AED 4,341 million (2014: AED 4,341 million) raised through public and private placements.

The repayment profile of the above liabilities is as follows:

	2015 ***AED*** ***in millions***	*2014* *AED* *in millions*
2015	**-**	3,598
2016	**9,123**	4,759
2017	**5,261**	4,111
2018	**1,199**	1,199
2019	**5,173**	5,288
2020	**1,596**	226
2022	**4,552**	1,357
2023	**3,605**	5,441
2024	**583**	628
2025	**115**	-
2026	**80**	91
	31,287	26,698

The interest rate paid on the above averaged 3.1% per annum (2014: 3.2% per annum).

28 BORROWINGS AND LEASE LIABILITIES (continued)

b) Due to banks

	2015 ***AED'000***	*2014* *AED'000*
Demand and call deposits	**950,866**	544,154
Balances with correspondent banks	**1,881,510**	1,380,808
Time and other deposits	**15,990,343**	13,460,945
	18,822,719	15,385,907

The interest rates paid on the above averaged 1.3% per annum (2014: 1.6% per annum).

d) Borrowings from banks, Government, MOF, associates, joint ventures and other related parties

Included under these categories are:

- Murabaha syndicated facilities amounting to AED 1,744,975 thousand (2014: AED 1,744,975 thousand) repayable in 2018 and carrying a margin over EIBOR and LIBOR.
- Conventional syndicated facilities amounting to AED 5,602,775 thousand (2014: AED 5,602,775 thousand) repayable in 2018 and carrying a margin over EIBOR and LIBOR.
- Ijara syndicated facilities amounting to AED 1,285,550 thousand (2014: AED 1,285,550 thousand) repayable in 2018 and carrying a margin over EIBOR.
- Bilateral facilities amounting to AED 2,572,200 thousand (2014: AED 3,244,925 thousand repayable over the period up to 2017) repayable over the period up to 2021 and carrying a margin over EIBOR and LIBOR.
- Ijara bilateral facility of AED 857,034 thousand (2014: AED 857,034 thousand) repayable in 2017 and carrying a margin over EIBOR.
- Secured borrowing facilities amounting to AED 13,768,796 thousand (2014: AED 10,289,144 thousand repayable over the period up to 2022) repayable over the period up to 2024 and carrying a margin over EIBOR and LIBOR.
- Murabaha and credit facility amounting to AED 3,152,602 thousand (2014: AED 2,997,458 thousand) repayable over the period up to 2021 and carrying a margin over LIBOR.
- Term loan facilities amounting to AED 7,694,295 thousand (2014: AED 11,594,879 thousand) repayable from two to twelve years with principal repayment either in instalments or as a balloon payment at the end of the term of the facility. The facilities consist of AED 5,550,543 thousand carrying a fixed rate of interest and AED 2,143,752 thousand carrying a margin over LIBOR.
- Murabaha and Ijara facilities amounting to AED 1,927,226 thousand (2014: AED 1,927,972 thousand) repayable over the period up to 2026 and carrying a fixed rate of profit.
- Syndicated facilities amounting to AED 4,288,584 thousand (2014: AED 5,500,677 thousand) repayable over the period up to 2019 and carrying a margin over EIBOR and LIBOR.
- Term loan facility from the MOF of AED 9,187,500 thousand (2014: AED 9,187,500 thousand) carrying a fixed rate of interest. The facility was repayable in February 2015 and both parties have agreed to execute a rollover.
- Wakala deposit by the Department of Finance of the Government of AED 800,000 thousand (2014: AED 800,000 thousand) carrying a fixed rate of profit. The facility is repayable in 2016.

28 BORROWINGS AND LEASE LIABILITIES (continued)

c) Borrowings from banks, Government, MOF, associates, joint ventures and other related parties (continued)

- Murabaha facility of AED 3,528,000 thousand repayable over the period up to 2021 (2014: AED 1,837,500 thousand repayable over the period up to 2017) and carrying a margin over EIBOR.
- Murabaha facility of AED 304,859 thousand (2014: AED Nil) repayable in 2021 and carrying a margin over EIBOR.
- Mudaraba facility of AED 679,875 thousand (2014: AED Nil) repayable in 2021 and carrying a fixed rate of profit.
- Term loan facility of AED 603,788 thousand (2014: AED Nil) repayable in 2017 and carrying a margin over LIBOR.
- Term loan facility of AED 362,500 thousand (2014: AED 492,554 thousand) repayable over the period up to 2019 and carrying a margin over EIBOR.

The effective interest rate paid on the above averaged 3.0% per annum (2014: 3.3% per annum). These loans are mainly denominated in AED and USD.

d) Bonds (including Sukuk)

	2015 AED'000	*2014 AED'000*
These are denominated in the following currencies:		
US Dollars (refer (i))	**17,959,238**	16,733,580
UAE Dirhams (refer (ii))	**5,237,699**	5,544,598
Singapore Dollars (refer (iii))	**389,667**	416,850
	23,586,604	22,695,028
Less: transaction costs	**(34,244)**	(37,444)
	23,552,360	22,657,584

These bonds have been issued at fixed coupon rates varying from 3.5% to 5.1% (2014: 3.5% to 5.7%).

i) US Dollar bonds with face value of USD 3,200,000 thousand (2014: USD 2,700,000 thousand) and USD 2,050,000 thousand (2014: USD 2,050,000 thousand) are of Islamic (sukuk) and conventional formats respectively. These bonds are repayable either semi-annually or as a bullet payment upon their relevant maturities over the period up to 2025.

ii) UAE Dirham bonds amounting to AED 5,237,699 thousand (2014: AED 5,544,598 thousand) payable to bond holders of one of the subsidiaries of the Group, which is a Shari'a compliant open ended investment fund. These bonds were offered under the prospectus issued by the subsidiary of the Group and have a face value of AED 10 per bond and are repayable on demand of the bond holders.

iii) Singapore Dollar bonds amounting to AED 389,677 thousand (2014: AED 416,850 thousand) are repayable in 2016.

28 BORROWINGS AND LEASE LIABILITIES (continued)

e) Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future lease payments 2015 AED'000	***Interest and term deposit component 2015 AED'000***	***Present value of minimum lease payments 2015 AED'000***
Less than one year	**5,355,950**	**(1,075,575)**	**4,280,375**
Between one and five years	**22,180,317**	**(3,750,088)**	**18,430,229**
More than five years	**18,178,719**	**(1,768,283)**	**16,410,436**
	45,714,986	**(6,593,946)**	**39,121,040**

	Future lease payments 2014 AED'000	*Interest and term deposit component 2014 AED'000*	*Present value of minimum lease payments 2014 AED'000*
Less than one year	5,048,289	(991,773)	4,056,516
Between one and five years	19,810,634	(3,783,571)	16,027,063
More than five years	20,423,032	(2,115,081)	18,307,951
	45,281,955	(6,890,425)	38,391,530

The fair value of net lease liabilities amounts to AED 40,058,372 thousand (2014: AED 39,637,908 thousand). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread. The fair value of lease liabilities falls into level 2 of the fair value hierarchy.

The effective interest rate on finance lease liabilities is 2.5% (2014: 2.8%).

f) Securities

Following are the significant securities provided against the borrowings:

- First mortgage over applicable property, plant and equipment;
- Assignment of insurance policies and earnings from applicable property, plant and equipment;
- Negative pledge whereby the relevant subsidiaries of the Group shall not create or permit to subsist any security on any of the applicable property, plant and equipment to third parties;
- Confirmation from a Group entity that it shall not merge or amalgamate or sell its assets, except in the ordinary course of business, without prior approval of the concerned banks;
- Confirmation from a Group entity that prior consent of the lenders will be obtained before effecting any change in its ownership and/or sale of significant assets; and
- A letter of support or corporate guarantee by a subsidiary in respect of certain borrowings obtained by its group companies.
- Certain applicable real estate assets of the Group have been allocated to support issuance of borrowings in the form of Ijara.

29 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values. It also shows the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

2015

	Positive fair value AED'000	*Negative fair value AED'000*	*Notional amounts Total AED'000*	*Notional amounts <1 year AED'000*	*Notional amounts >1 year AED'000*
Banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	450,755	(476,605)	193,848,721	180,765,416	13,083,305
Foreign exchange options	649,022	(649,022)	61,188,537	7,944,633	53,243,904
Interest rate swaps / caps	1,482,289	(1,010,647)	151,180,912	31,242,530	119,938,382
Commodity options	35,685	(35,684)	298,700	40,099	258,601
	2,617,751	**(2,171,958)**	**406,516,870**	**219,992,678**	**186,524,192**
Derivatives held as cash flow hedges:					
Interest rate swaps	**51,110**	**(47,142)**	**6,148,630**	**300,000**	**5,848,630**
Derivatives held as fair value hedges:					
Interest rate swaps	**218**	**(391,105)**	**2,980,844**	**77,854**	**2,902,990**
(A)	**2,669,079**	**(2,610,205)**	**415,646,344**	**220,370,532**	**195,275,812**
Non-banking operations					
Derivatives held for trading:					
Debt equity swaps (see note 10 (c))	329,497	-	337,549	140,113	197,436
Commodity contracts swaps and futures	351,025	(27,452)	14,032,157	-	14,032,157
	680,522	**(27,452)**	**14,369,706**	**140,113**	**14,229,593**
Derivatives held as cash flow hedges:					
Foreign exchange forward contracts	184,734	(1,334)	5,854,489	3,585,534	2,268,955
Commodity forward contracts	-	(967,178)	2,204,414	2,087,136	117,278
Interest rate swaps	71	(414,773)	10,372,482	14,769	10,357,713
	184,805	**(1,383,285)**	**18,431,385**	**5,687,439**	**12,743,946**
Derivatives held for fair value hedges:					
Forward foreign exchange contracts	**-**	**(1,602)**	**929,245**	**94,098**	**835,147**
(B)	**865,327**	**(1,412,339)**	**33,730,336**	**5,921,650**	**27,808,686**
Total (A+B)	**3,534,406**	**(4,022,544)**	**449,376,680**	**226,292,182**	**223,084,498**

29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

2014

	Positive fair value AED'000	*Negative fair value AED'000*	*Notional amounts Total AED'000*	*<1 year AED'000*	*>1 year AED'000*
Banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	285,162	(531,581)	154,455,001	143,306,946	11,148,055
Foreign exchange options	126,817	(126,812)	30,126,832	6,108,682	24,018,150
Interest rate swaps / caps	841,788	(822,805)	96,808,486	25,202,960	71,605,526
Commodity options	729	(729)	93,418	93,418	-
	1,254,496	(1,481,927)	281,483,737	174,712,006	106,771,731
Derivatives held as cash flow hedges:					
Interest rate swaps	46,827	(21,103)	4,800,000	1,650,000	3,150,000
Derivatives held as fair value hedges:					
Interest rate swaps	9,132	(142,747)	2,439,701	591,750	1,847,951
(A)	1,310,455	(1,645,777)	288,723,438	176,953,756	111,769,682
Non-banking operations					
Derivatives held for trading:					
Commodity contracts, swaps and futures	559,725	(118,971)	10,534,998	-	10,534,998
Derivatives held as cash flow hedges:					
Foreign exchange forward contracts	193,137	(3,477)	4,129,811	3,629,599	500,212
Interest rate swaps	-	(552,877)	15,111,547	10,729,213	4,382,334
	193,137	(556,354)	19,241,358	14,358,812	4,882,546
(B)	752,862	(675,325)	29,776,356	14,358,812	15,417,544
Total (A+B)	2,063,317	(2,321,102)	318,499,794	191,312,568	127,187,226

Disclosed as follows:

Positive fair value of derivatives:

	2015 AED'000	*2014 AED'000*
Non-current assets	**2,410,954**	914,802
Current assets	**1,123,452**	1,148,515
Total	**3,534,406**	2,063,317
Negative fair value of derivatives:		
Non-current liabilities	**(2,570,526)**	(1,563,794)
Current liabilities	**(1,452,018)**	(757,308)
Total	**(4,022,544)**	(2,321,102)
Net fair value of derivatives (see note 16)	**(488,138)**	(257,785)

30 OTHER NON-CURRENT PAYABLES

	2015 AED'000	2014 AED'000
Deferred service revenue	**1,992,266**	1,930,273
Provision for maintenance	**2,713,143**	1,984,194
Deferred credits (non-current portion)	**598,028**	208,521
Retention payable	**542,082**	212,600
Maintenance reserve (see note 36)	**997,388**	877,847
Provision for construction warranty	**154,141**	-
Rehabilitation liabilities (see note 10 (c))	**218,089**	-
Amounts due to Government, MOF and other related parties (see note 37 (b))	**149,609**	-
Other provisions	**140,294**	83,549
Cylinder replacement costs	**22,197**	29,720
Others	**795,976**	341,630
	8,323,213	5,668,334

31 TRADE AND OTHER PAYABLES

	2015 AED'000	2014 AED'000
Trade payables	**42,145,140**	44,541,402
Passenger sales in advance	**10,257,399**	10,689,980
Accrued interest / profit payable	**1,535,758**	778,157
Advance from customers	**1,003,058**	357,563
Amounts due to associates and joint ventures (see note 37 (b))	**458,428**	887,408
Amounts due to Government, MOF and other related parties (see note 37 (b))	**217,924**	181,586
Managers' cheques	**1,476,011**	975,285
Abandonment and decommissioning liability	**2,561,119**	2,459,924
Unearned rent and service charges	**2,354,401**	2,711,934
Deferred credits (current portion)	**83,274**	54,587
Rehabilitation liabilities (see note 10 (c))	**154,633**	-
Excess billings from construction contracts	**244,740**	-
Members' margin deposit	**27,959**	78,538
Other payables and accruals	**7,904,938**	6,775,975
	70,424,782	70,492,339

32 CUSTOMER DEPOSITS

	2015 AED'000	2014 AED'000
Time	**81,258,184**	69,972,942
Demand, call and short notice	**90,702,372**	89,836,345
Savings	**23,240,420**	21,644,089
Others	**6,216,674**	4,256,308
	201,417,650	185,709,684
Disclosed as follows:		
Non-current liabilities	**3,563,547**	6,671,593
Current liabilities	**197,854,103**	179,038,091
	201,417,650	185,709,684

32 CUSTOMER DEPOSITS (continued)

The interest rates paid on the above deposits averaged 0.7% per annum (2014: 0.7% per annum).

Customer deposits include AED 3,828,527 thousand (2014: AED 3,184,351 thousand) deposits from Government, MOF and other related parties and AED 195,222 thousand (2014: AED 534,460 thousand) deposits from associates and joint ventures (see note 37 (b)).

33 ISLAMIC CUSTOMER DEPOSITS

	2015 ***AED'000***	*2014* *AED'000*
Time	**36,808,372**	32,796,159
Demand, call and short notice	**10,060,781**	4,921,898
Savings	**9,066,927**	8,319,275
Others	**343,371**	267,637
	56,279,451	46,304,969
Disclosed as follows:		
Non-current liabilities	**16,323,653**	13,335,455
Current liabilities	**39,955,798**	32,969,514
	56,279,451	46,304,969

34 REPURCHASE AGREEMENTS WITH BANKS

Repurchase agreements with banks represent borrowings from banks and are secured by a portfolio of investments in marketable securities as follows:

	2015 ***AED'000***	*2014* *AED'000*
Available-for-sale investment securities (see note 16)	**248,334**	35,369
Disclosed as follows:		
Non-current liabilities	**248,334**	-
Current liabilities	**-**	35,369
	248,334	35,369

35 NON-CONTROLLING INTERESTS

35.1 This includes three series of regulatory Tier 1 Capital notes ("Capital Notes") issued in 2009 ("2009 Notes"), 2013 ("2013 Notes") and 2014 ("2014 Notes") by the banking subsidiary of the Group amounting to AED 4 billion, USD 1 billion (AED 3.65 billion (net of issuance cost)) and USD 500 million ((AED 1.83 billion) (net of issuance cost)) respectively. The 2009 Notes were issued at a fixed interest rate for the first five years and on a floating rate basis thereafter. The 2013 Notes and 2014 Notes were issued at fixed interest rate with a reset after six years. These Capital Notes are perpetual, subordinated and unsecured. The issuer can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. These Capital Notes have been classified under equity.

35 NON-CONTROLLING INTERESTS (continued)

During 2014, the ownership of the 2009 Notes, previously subscribed by the Group, was changed and this had accordingly been disclosed as a transfer to non-controlling interests in the consolidated statement of changes in equity.

35.2 During the current year, one of the Group's subsidiaries acquired the remaining non-controlling interests in Dragon Oil PLC, and now wholly owns Dragon Oil Plc as at 31 December 2015. The resulting increase in the Group's shareholding in Dragon Oil Plc decreased the carrying amount of the "non-controlling interests" and "the equity attributable to the equity holders of ICD" by AED 6,435,090 thousand and AED 4,308,658 thousand respectively in the consolidated statement of changes in equity, by recognizing the amount of consideration paid in the consolidated statement of changes in equity of AED 10,743,748 thousand (see note 39).

36 COMMITMENTS AND CONTINGENCIES

(a) Investment commitments

The Group has the following investment commitments as at 31 December:

	2015 AED'000	*2014 AED'000*
Available-for-sale investments	**1,019,398**	728,411
Others	**-**	255,000
	1,019,398	983,411

(b) Operating lease commitments

Group as lessee
Future minimum rentals payable under non-cancellable operating leases are as follows:

	2015 AED'000	*2014 AED'000*
Within one year	**9,390,169**	7,694,853
After one year but not more than five years	**29,508,769**	22,312,992
More than five years	**22,897,014**	15,305,779
	61,795,952	45,313,624

The Group is entitled to extend certain aircraft leases for a further period of one to six years at the end of the initial lease period.

Group as lessor
Future minimum rentals receivable as at 31 December are as follows:

	2015 AED'000	*2014 AED'000*
Within one year	**2,110,774**	2,017,353
After one year but not more than five years	**4,513,525**	4,395,094
More than five years	**2,500,250**	2,585,268
	9,124,549	8,997,715

36 COMMITMENTS AND CONTINGENCIES (continued)

One of the Group's subsidiaries enters into non-cancellable operating leases (as lessor) for aircraft expiring from 2016 to 2028.

During the term of most aircraft leases, lessees pay an additional amount based on usage to fund the estimated costs of scheduled major maintenance of the airframe and engines. These amounts are accounted for as maintenance reserves and are disclosed under note 30.

(c) Capital commitments

Capital expenditure contracted for at the reporting date, but not provided for are as follows:

	2015	*2014*
	AED'000	*AED'000*
Capital commitments for the purchase of aircraft are as follows:		
Within one year	**31,273,610**	22,512,557
After one year but not more than five years	**80,870,399**	65,330,675
More than five years	**165,649,005**	171,891,812
	277,793,014	259,735,044
Contracted commitment in relation to other non-financial assets	**9,745,824**	10,953,608
Group's share of associate and joint ventures capital expenditure commitments	**7,918,558**	6,349,303
	295,457,396	277,037,955

(d) Assets held in a fiduciary capacity

The Group's financial services subsidiaries hold assets in a fiduciary capacity and provide custodian services for some of its customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group consolidated financial statements.

(e) Contingencies

The Group has the following contingent liabilities at the reporting date:

	2015	*2014*
	AED'000	*AED'000*
Letters of credit	**12,331,593**	9,351,990
Letters of guarantees	**47,696,470**	49,284,465
Liabilities on risk participation	**498,516**	1,027,628
Performance bonds	**277,003**	162,568
Group's share of guarantees issued by associates and joint ventures	**5,809,426**	5,145,577
Group's share of letters of credit issued by associates and joint ventures	**1,378,594**	1,356,223
Third party claims*	**1,873,458**	580,915

* There are various claims against the subsidiaries of the Group initiated by their respective contractors, customers and other counterparties in respect of delays in work or non-fulfilment of contractual obligations. The Group's management believes that the respective subsidiaries have strong cases in respect of these contingencies and the chances of outflow are remote. Accordingly, no liability is recognised in respect of these contingencies.

36 COMMITMENTS AND CONTINGENCIES (continued)

(f) Operational commitments

One of the Group's subsidiaries has operational commitments relating to sales and marketing as at 31 December 2015 amounting to AED 2,519,903 thousand (2014: AED 2,476,889 thousand).

(g) Irrevocable loan commitments

The Group's banking operations have irrevocable undrawn loan commitments of AED 35,411,284 thousand outstanding at 31 December 2015 (2014: AED 26,810,870 thousand).

37 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party transactions have been disclosed as under:

a) Transactions with related parties included in the consolidated income statement are as follows:

	31 December 2015				
	Purchase of goods and services (including cost of revenue) AED'000	***Sale of goods and services (including revenue) AED'000***	***Finance income AED'000 (see note 5)***	***Finance costs AED'000 (see note 6)***	***Other income / (expenses) - net AED'000***
Associates and joint ventures	**3,132,392**	**4,418,216**	**277,028**	**271,010**	**1,826**
Government, MOF and other related parties	**365,509**	**693,217**	**446,165**	**527,367**	**3,886**

	31 December 2014				
	Purchase of goods and services (including cost of revenue) AED'000	*Sale of goods and services (including revenue) AED'000*	*Finance income AED'000 (see note 5)*	*Finance costs AED'000 (see note 6)*	*Other income / (expenses) - net AED'000*
Associates and joint ventures	7,945,590	9,323,340	157,464	150,953	(141,153)
Government, MOF and other related parties	40,053	959,548	362,675	478,062	54,896

Share of results of associates and joint ventures and other movements in investments in associates and joint ventures are disclosed in note 15 to these consolidated financial statements.

The Group enters into transactions with Government owned entities in the normal course of business. Such entities include various utility companies, port authorities, financial institutions, etc. In accordance with the exemption in the revised IAS 24, management has concluded not to disclose such transactions which are entered in the normal course of business with the said related Government entities.

37 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Amounts due from and due to related parties are disclosed in notes 17, 19, 20, 21, 28, 30, 31 and 32 respectively, further details of which are as follows:

	2015		*2014*	
	Receivables AED'000	***Payables AED'000***	*Receivables AED'000*	*Payables AED'000*
Associates and joint ventures	**17,663,925**	**11,812,610**	10,995,358	10,197,648
Government, MOF and other related parties	**143,905,799**	**14,467,869**	130,245,215	13,761,026
	161,569,724	**26,280,479**	141,240,573	23,958,674

An impairment provision of AED 154,174 thousand (2014: AED 646,003 thousand) and AED 72,159 thousand (2014: AED 26,158 thousand) has been made against amounts receivable from "Government, MOF and other related parties" and "Associates and joint ventures" respectively. Such amounts are included in other non-current assets and trade and other receivables at the year end.

Apart from the amounts included above, other non-current assets as at 31 December 2014 included an amount of AED 2,000,000 thousand being the carrying value of guarantee from a related party. During the year, the full amount of the guarantee amounting to AED 2,000,000 thousand was settled.

Investment in marketable securities includes balances of AED 296,715 thousand (2014: AED 528,050 thousand) with Government, MOF and other related parties.

c) Compensation to key managerial personnel

The remuneration of directors and other key members of the management during the year were as follows:

	2015 AED'000	*2014 AED'000*
Short term benefits	**426,870**	324,073
End of service benefits	**23,870**	22,855
Share based payments	**17,232**	4,017
Directors' fees	**23,843**	12,847
Management fees charged by managers	**7,932**	-
	499,747	363,792

38 FINANCIAL RISK MANAGEMENT

The tables below set out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position:

31 December 2015:

	Designated as fair value through profit or loss AED'000	*Held-to-maturity AED'000*	*Available-for-sale AED'000*	*Loans and receivables AED'000*	*Liabilities at amortised cost AED'000*	*Derivative financial instruments AED'000*	*Total carrying value AED'000*
Financial assets							
Non-derivative financial assets							
Investments in marketable securities	2,519,410	1,164,494	23,164,932	-	-	-	26,848,836
Islamic financing and investment products	-	-	-	58,522,458	-	-	58,522,458
Loans and receivables	-	-	-	222,913,033	-	-	222,913,033
Other non-current assets	-	-	-	20,369,497	-	-	20,369,497
Trade and other receivables	-	-	-	24,829,853	-	-	24,829,853
Customer acceptances	-	-	-	3,712,749	-	-	3,712,749
Cash and deposits with banks	-	-	-	135,146,680	-	-	135,146,680
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	3,534,406	3,534,406
	2,519,410	**1,164,494**	**23,164,932**	**465,494,270**	**-**	**3,534,406**	**495,877,512**
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	201,417,650	-	201,417,650
Islamic customer deposits	-	-	-	-	56,279,451	-	56,279,451
Borrowings and lease liabilities	-	-	-	-	174,803,871	-	174,803,871
Other non-current payables	-	-	-	-	1,805,474	-	1,805,474
Customer acceptances	-	-	-	-	3,712,749	-	3,712,749
Repurchase agreements with banks	-	-	-	-	248,334	-	248,334
Trade and other payables	-	-	-	-	55,692,207	-	55,692,207
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	4,022,544	4,022,544
	-	**-**	**-**	**-**	**493,959,736**	**4,022,544**	**497,982,280**

Fair values of the above mentioned financial assets and liabilities approximate their carrying values.

38 FINANCIAL RISK MANAGEMENT (continued)

31 December 2014:

	Designated as fair value through profit or loss AED'000	*Held-to-maturity AED'000*	*Available-for-sale AED'000*	*Loans and receivables AED'000*	*Liabilities at amortised cost AED'000*	*Derivative financial instruments AED'000*	*Total carrying value AED'000*
Financial assets							
Non-derivative financial assets							
Investments in marketable securities	1,779,049	1,149,802	29,719,003	-	-	-	32,647,854
Islamic financing and investment products	-	-	-	41,948,785	-	-	41,948,785
Loans and receivables	-	-	-	207,891,911	-	-	207,891,911
Other non-current assets	-	-	-	20,267,077	-	-	20,267,077
Trade and other receivables	-	-	-	28,615,379	-	-	28,615,379
Customer acceptances	-	-	-	3,859,864	-	-	3,859,864
Cash and deposits with banks	-	-	-	120,973,593	-	-	120,973,593
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	2,063,317	2,063,317
	1,779,049	1,149,802	29,719,003	423,556,609	-	2,063,317	458,267,780
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	185,709,684	-	185,709,684
Islamic customer deposits	-	-	-	-	46,304,969	-	46,304,969
Borrowings and lease liabilities	-	-	-	-	163,468,189	-	163,468,189
Other non-current payables	-	-	-	-	1,449,020	-	1,449,020
Customer acceptances	-	-	-	-	3,859,864	-	3,859,864
Repurchase agreements with banks	-	-	-	-	35,369	-	35,369
Trade and other payables	-	-	-	-	56,163,673	-	56,163,673
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	2,321,102	2,321,102
	-	-	-	-	456,990,768	2,321,102	459,311,870

Fair values of the above mentioned financial assets and liabilities approximate their carrying values.

38 FINANCIAL RISK MANAGEMENT (continued)

Risk management framework:
The identification, measurement, aggregation and effective management of risk takes into account the complexity in the Group's business operations and diversity of geographical locations. The Group manages its risks through a risk management framework which incorporates organisational structure, risk measurement and monitoring processes. Risk management for routine operational matters has been delegated to the management of the respective entities.

The key features of the Group's risk management framework are:

- Risk management is embedded within the Group as an intrinsic process and is a core competency of all its employees.
- The Board of Directors of ICD and the respective entities have the overall responsibility and provide the overall risk management direction and oversight. The Group's risk appetite is determined and approved by the Board of Directors of respective entities.
- Credit, market, operational and liquidity risks are managed in a coordinated manner within the respective Group entities.
- Ensuring that all employees within the Group entities are sufficiently trained and have access to appropriate tools to ensure risk-taking is controlled and is in line with associated risk appetite.
- Risk taking is within approved authorities considering infrastructure and resource across geographies giving consideration to strict compliance with applicable regulatory requirements.
- Appropriate controls are designed and implemented with adequate reporting in place to monitor their ongoing effectiveness to safeguard the Group's interests.

The risk management function of Group's entities assists senior management of those entities in controlling and actively managing the Group's overall risk. This function also ensures that:

- Policies, procedures and methodologies are consistent with the Group's risk appetite.
- The Group's overall business strategy is consistent with its risk appetite.
- Appropriate risk management architecture and systems are developed and implemented.

Risk management process:

Through the risk management framework, transactions and outstanding risk exposures are quantified and compared against authorised limits, whereas non quantifiable risks are monitored against policy guidelines and key risk and control indicators. Any discrepancies, excesses or deviations are escalated to the management for appropriate timely action.

The Board of Directors of the respective entities have overall responsibility for:
- establishment and oversight of the risk management framework;
- identifying and analysing the risks in the operations of the respective businesses;
- forming appropriate risk management committees to mitigate the risks of the businesses within the overall risk management framework of the Group.

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included in these consolidated financial statements.

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to investments in marketable securities (primarily bonds and other held-to-maturity investments), Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties), customer acceptances, and cash at bank. The exposure to credit risk on Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties) is monitored on an ongoing basis by the management of the respective subsidiaries and these are considered recoverable by the Group's management. The Group's cash is placed with banks of repute.

Credit risk management and structure
The approach to credit risk management is based on the foundation to preserve independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures in the business segments. The credit policy for the banking operations focuses on the core credit policies and includes lending parameters, target businesses, specific policy guidelines, management of high risk customers, provisioning guidelines, policies governing overseas locations etc. The relevant Credit Management and Investment Committee retains the ultimate authority to approve larger credits. Independent functions within the banking subsidiary manage credit risks on the corporate and retail portfolios.

Trade and other receivables
Sales are made to customers on mutually agreed terms. The credit committees set up by the respective subsidiaries are responsible for determining:

- the creditworthiness of its customers;
- the credit exposure and the credit ratings of the customers; and
- appropriate collateral as securities and financial guarantees.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of Islamic financing and investment products, loans and receivables, trade/contract and other receivables and due from related parties. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Collateral management
Collaterals and guarantees are effectively used as mitigating tools by the Group's banking operations. The quality of collateral is continuously monitored and assessed.

Where credit facilities are secured by collateral, the Group seeks to ensure the enforceability of the collateral.

Collaterals are revalued regularly as per the Bank's credit policy. In addition, ad-hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Bank to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 ***AED'000***	*2014* *AED'000*
Investments in marketable securities	**18,120,853**	32,647,854
Other non-current assets	**20,369,497**	20,267,077
Positive fair value of derivatives	**3,534,406**	2,063,317
Islamic financing and investment products	**58,522,458**	41,948,785
Loans and receivables	**222,913,033**	207,891,911
Trade and other receivables (including due from related parties)	**24,829,853**	28,615,379
Customer acceptances	**3,712,749**	3,859,864
Deposits with banks (including due from banks)	**131,295,509**	117,613,814
	483,298,358	454,908,001

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Exposure to credit risk (continued)
The table below shows the Group's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group might have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment.

	2015 ***AED'000***	*2014* *AED'000*
Letters of credit	**12,331,593**	9,351,990
Letters of guarantees	**47,696,470**	49,284,465
Liabilities on risk participation	**498,516**	1,027,628
Performance bonds	**277,003**	162,568
Group's share of guarantees issued by associates and joint ventures	**5,809,426**	5,145,577
Group's share of letters of credit issued by associates and joint ventures	**1,378,954**	1,356,223
Irrevocable undrawn loan commitments	**35,411,284**	26,810,870
	103,403,246	93,139,321

Impairment losses
The ageing of Islamic financing and investment products, loans and receivables, other non-current assets and trade/contract receivables at the reporting date is as follows:

31 December 2015

	Gross ***AED'000***	***Impairment*** ***AED'000***
Neither past due nor impaired	**315,062,665**	**-**
Past due but not impaired		
Past due 1 – 90 days	**9,617,833**	**-**
Past due 91 – 365 days	**1,369,542**	**-**
Past due and impaired	**22,756,740**	**18,937,498**
Collective provision	**-**	**6,070,344**
Total	**348,806,780**	**25,007,842**

31 December 2014

	Gross *AED'000*	*Impairment* *AED'000*
Neither past due nor impaired	281,297,530	-
Past due but not impaired		
Past due 1 – 90 days	9,475,368	-
Past due 91 – 365 days	2,055,272	-
Past due and impaired	21,842,977	17,808,304
Collective provision	-	4,348,163
Total	314,671,147	22,156,467

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Impairment losses (continued)

The past due and impaired amount primarily represents amounts due from certain customers against which the Group believes that existing impairment loss provision is adequate and considers that the balance amount is fully recoverable.

The movement in the allowance for impairment in respect of Islamic financing and investment products, loans and receivables, other non-current assets and trade/contract receivables during the year was as follows:

	2015 ***AED'000***	*2014* *AED'000*
Balance at the beginning of the year	**22,156,467**	21,638,933
Arising on business combinations	**2,300,353**	-
Charge during the year – net of recoveries	**3,423,080**	4,931,551
Amounts written off	**(2,693,185)**	(4,304,271)
Interest unwind on impaired loans and receivables	**-**	(87,136)
Exchange and other adjustments	**(178,873)**	(22,610)
At 31 December	**25,007,842**	22,156,467

38.2 Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due, or that it can only do so at excessive cost. Liquidity risk mainly relates to trade and other payables (including amounts due to related parties), borrowings and lease liabilities, Islamic customer deposits and customer deposits. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. Each subsidiary also has responsibility for managing its own liquidity risk. The Group manages its liquidity by:

- setting appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements;
- day to day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- maintaining a portfolio of marketable assets that can be easily liquidated as protection against any unforeseen interruptions to cash flow; and
- maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including interest payments and the impact of netting of agreements at the reporting date:

Financial liabilities	***Carrying amount AED'000***	***Contractual cash flows AED'000***	***Less than one year AED'000***	***More than one year AED'000***
31 December 2015				
Customer deposits	**201,417,650**	**202,118,234**	**198,381,664**	**3,736,570**
Islamic customer deposits	**56,279,451**	**56,629,635**	**40,253,973**	**16,375,662**
Borrowings and lease liabilities	**174,803,871**	**194,031,298**	**57,694,319**	**136,336,979**
Other non-current payables	**1,805,474**	**1,828,135**	**-**	**1,828,135**
Customer acceptances	**3,712,749**	**3,712,749**	**3,712,749**	**-**
Repurchase agreements with banks	**248,334**	**248,334**	**248,334**	**-**
Trade and other payables	**55,692,207**	**55,692,207**	**55,527,417**	**164,790**
Negative fair value of derivatives	**4,022,544**	**4,341,075**	**1,932,999**	**2,408,076**
Total	**497,982,280**	**518,601,667**	**357,751,455**	**160,850,212**

38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk (continued)

Financial liabilities	*Carrying amount AED'000*	*Contractual cash flows AED'000*	*Less than one year AED'000*	*More than one year AED'000*
31 December 2014				
Customer deposits	185,709,684	187,501,861	180,599,661	6,902,200
Islamic customer deposits	46,304,969	46,425,797	45,886,329	539,468
Borrowings and lease liabilities	163,468,189	182,788,252	50,467,404	132,320,848
Other non-current payables	1,449,020	1,472,196	-	1,472,196
Customer acceptances	3,859,864	3,859,864	3,859,864	-
Repurchase agreements with banks	35,369	35,369	35,369	-
Trade and other payables	56,163,673	56,163,673	55,971,023	192,650
Negative fair value of derivatives	2,321,102	2,338,210	1,010,362	1,327,848
Total	459,311,870	480,585,222	337,830,012	142,755,210

The Group is also exposed to liquidity risk in respect of those contingencies and commitments as are disclosed in notes 36 (e) and (g).

38.3 Market risk

Market risk is the risk that changes in market factors, such as equity prices, commodity prices, credit spreads, interest / profit rates and foreign currency rates will affect the Group's income or equity and / or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Certain subsidiaries buy and sell derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the respective subsidiaries' governing committees.

Market risk specific to banking operations

To better capture the multi-dimensional aspects of market risk, the Bank's primary market risk metric is a statistical one, Value-at-Risk ("VaR"), which is used for short-term risk holding periods. VaR metrics are calculated daily for the specific asset classes listed below, plus a total VaR figure for the whole Trading Book:

- Interest rate VaR
- Foreign exchange VaR
- Equity VaR
- Commodity VaR
- Total VaR

The VaR is calculated for specific asset classes and in total, using the Historical Simulation method and measured at the 99% confidence level over a specified horizon (holding period).

The year-end VaR numbers reported below have been derived using the following configuration:

- Confidence level: 99%
- Holding period: 1 business day
- Methodology: Full Revaluation, Historical Simulation using over 2 years of historical market data

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

Market risk specific to banking operations (continued)

Total Value-at-Risk

By Asset class **Trading**	***Average*** ***AED'000***	***Maximum*** ***AED'000***	***Minimum*** ***AED'000***	***Actual **** ***AED'000***
31 December 2015				
Interest rate risk	**3,950**	**6,252**	**2,320**	**4,648**
Foreign exchange risk	**7,747**	**13,349**	**3,812**	**4,038**
Credit trading risk	**1,791**	**6,822**	**299**	**1,807**
Total	**9,082**	**14,144**	**5,188**	**7,142**

By Asset class Trading	*Average* *AED'000*	*Maximum* *AED'000*	*Minimum* *AED'000*	*Actual ** *AED'000*
31 December 2014				
Interest rate risk	5,232	9,502	435	3,841
Foreign exchange risk	6,025	13,085	29	12,216
Commodity risk	7	59	-	-
Credit trading risk	2,678	5,557	120	1,005
Total	8,838	15,231	1,650	13,088

* Note that the sum of asset class VaR metrics does not add up to the reported Total VaR metric due to diversification and cross correlation effects.

38.3.1 Equity price risk

Equity price risk arises from investments in marketable equity securities designated as either available-for-sale financial assets or as fair value through profit or loss. Subsidiaries of the Group monitor the mix of marketable securities in their investment portfolios based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors or other appropriate authority of the respective subsidiaries. The primary objective of the investment strategy is to maximise investment returns while protecting the invested capital and maintain adequate liquidity to meet any unforeseen contingencies.

Equity price risk – sensitivity analysis
The Group's quoted equity investments are listed on various stock exchanges in the global markets, mainly in the UAE. A five percent increase in the equity prices would have increased the fair value of the quoted securities by AED 332,346 thousand (2014: AED 747,610 thousand); an equal change in the opposite direction would have decreased the fair value of the quoted securities by AED 332,346 thousand (2014: AED 747,610 thousand). The following table demonstrates the sensitivity of the Group's equity and profit to a 5 percent change in the price of its quoted equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	Effect on profit AED'000	***Effect on equity AED'000***
31 December 2015		
Effect of changes in quoted equity portfolio of the Group	**16,589**	**332,346**
31 December 2014		
Effect of changes in quoted equity portfolio of the Group	21,048	747,610

38 FINANCIAL RISK MANAGEMENT (continued)

38.3.2 Commodity price risk

The Group is exposed to commodity price risk mainly on the volatility of oil prices (including jet fuel). The Group manages its exposure to changes in oil prices, and, in doing so, may use commodity derivative instruments (i.e. commodity futures, swaps and options), thereby seeking to minimise the potential adverse effects on the Group's financial performance.

Commodity price risk – sensitivity analysis
An increase of 5% in oil prices relating to commodity derivative contracts would have increased / (decreased) equity and profit respectively by the amounts shown below. This analysis assumes that all other variables remain constant. An equivalent decrease of the same would have an equal but opposite effect accordingly.

Commodities

	Equity AED'000	***Profit AED'000***
31 December 2015		
Oil prices	**488,076**	**261,218**

	Equity AED'000	*Profit AED'000*
31 December 2014		
Oil prices	4,605	4,605

At the reporting date, if the market price of crude oil had been AED 36.75 (USD 10) per barrel higher / lower, the crude oil overlift payable would have been higher / lower by AED 134.87 million (USD 36.7 million) (2014: AED 76.07 million (USD 20.7 million)).

38.3.3 Interest / profit rate risk

The Group is exposed to interest / profit rate risk due to interest rate / profit fluctuations with respect to investments in marketable securities (primarily bonds), Islamic financing and investment products, loans and receivables, fair value of derivatives, cash and deposits with banks, customer deposits, Islamic customer deposits, borrowings and lease liabilities and repurchase agreements with banks.

Certain subsidiaries manage their interest / profit rate risk by entering into interest rate swap contracts. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates or conversely. Details of interest rate swap contracts (including the nominal values, and the maturity of contracts fair values) are disclosed in Note 29.

Banking operations
The Bank measures, monitors and manages the interest rate risk in its banking book, and its key components repricing risk, yield curve risk, basis risk, and optionality, as appropriate.

Interest Rate Risk in the Banking Book ("IRRBB") is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank's consumer and commercial banking assets and liabilities, and financial investments designated as available-for-sale and held to maturity. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes. Analysis of this risk is complicated by having to make assumptions on embedded optionality within certain product areas such as the incidence of prepayments in consumer loans, and from behavioral assumptions regarding the economic duration of liabilities which are contractually repayable on demand such as current accounts.

38 FINANCIAL RISK MANAGEMENT (continued)

38.3.3 Interest / profit rate risk (continued)

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to the treasury department under the supervision of the Bank's Asset and Liability Committee ("ALCO"), through Funds Transfer Pricing (FTP) Systems. The Bank's ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

The Asset Liability Management ("ALM") Function of the Bank is responsible for IRRBB measurement, monitoring and reports risk exposures independently to the Bank's ALCO. The Bank's ALCO reviews that the assumptions (used to transform positions into interest rate exposures) are reasonable and commensurate with the nature and complexity of the Bank's holdings.

In order to measure the overall sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its net interest income.

	31 December 2015		*31 December 2014*	
	Amount	***Variance***	*Amount*	*Variance*
	AED'000	***AED'000***	*AED'000*	*AED'000*
Rates Up 200 bp	**10,367,020**	**1,347,152**	7,631,305	824,034
Base Case	**9,019,868**	**-**	6,807,271	-
Rates Down 200 bp	**8,085,672**	**(934,196)**	6,445,638	(361,633)

The interest rate sensitivities set out in the table above are based on a set of scenarios i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by treasury or in the business units to mitigate the impact of this interest rate risk. In practice, treasury seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues.

To measure and manage interest rate risk and its possible impact on economic value of the entity, the Bank has established internal limits based on the PV01. The interest rate gaps and sensitivity tests (NII and PV01) are measured on a monthly basis by the ALM function of the Bank, and reported to the Bank's ALCO.

Non-banking operations

The table below shows the effect of a change on the consolidated income statement and consolidated statement of changes in equity, of 100 basis points in interest/profit rate relating to the interest/profit bearing financial assets/liabilities of non-banking operations of the Group at the reporting date. The analysis below excludes interest capitalised and assumes that all other variables remain constant. An equivalent decrease of the same would have an equal but opposite effect accordingly.

	31 December 2015		*31 December 2014*	
	Effect on		*Effect on*	
	profit	***equity***	*profit*	*equity*
	AED'000	***AED'000***	*AED'000*	*AED'000*
100 bp	**80,513**	**(183,307)**	116,511	617,630

38.3.4 Currency risk

Banking operations

The Bank is not significantly exposed to currency risk which is a component of market risk since its assets and liabilities are predominantly in AED and pegged currencies such as USD.

Non-banking operations

The Group is exposed to currency risk on certain transactions and balances that are denominated in a currency other than the functional currency of the Group (i.e. AED). In practice, in respect of monetary assets and liabilities denominated in USD, there is no exchange risk involved since AED is pegged to USD. Foreign currencies, other than AED and USD, in which significant transactions and balances are denominated, are Sterling Pound ("GBP"), EURO, Singapore Dollar ("SGD") and Nigerian Naira ("NGN"). The Group closely monitors exchange rate movements and the related impact on assets and liabilities, and proactively manages its currency exposure from its revenue related activities.

38 FINANCIAL RISK MANAGEMENT (continued)

38.3.4 Currency risk (continued)

Non-banking operations (continued)
The following exchange rates were applied during the current year for the main foreign currencies relevant to the Group's activities:

31 December 2015	***Average rate AED***	***Reporting rate (spot rate) AED***
SGD	**2.68**	**2.60**
GBP	**5.61**	**5.45**
EURO	**4.08**	**4.01**
NGN	**0.02**	**0.02**

31 December 2014	*Average rate AED*	*Reporting rate (spot rate) AED*
SGD	2.90	2.77
GBP	6.05	5.70
EURO	4.88	4.46
NGN	0.02	0.02

Currency rate risk - sensitivity analysis
A 10 percent increase in the AED against the various currencies highlighted above that the Group considers significant on the basis of the exposure as at 31 December would have correspondingly increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and quoted prices, remain constant.

31 December 2015	***Effect on equity AED'000***	***Effect on profit AED'000***
SGD	**38,944**	**38,970**
GBP	**64,546**	**(14,080)**
EURO	**223,042**	**(23,706)**
NGN	**(38,224)**	**-**

31 December 2014	*Effect on Equity AED'000*	*Effect on profit AED'000*
SGD	2,830	2,709
GBP	(753,383)	(1,032)
EURO	21,809	(3,298)
NGN	(48,749)	-

38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management

38.4.1 Capital management (banking operations)

The Central Bank of the UAE supervises the Bank on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. The capital is computed at a level using the Basel II framework of the Basel Committee on Banking Supervision ("Basel Committee"), after applying the amendments advised by the Central Bank, within national discretion. The Basel II framework is structured around three 'pillars': minimum capital requirements (Pillar I); supervisory review process (Pillar II); and market discipline (Pillar III).

Minimum Capital Requirements

For implementing current capital requirements, the Central Bank requires the Bank to maintain a prescribed minimum ratio of total capital to total risk-weighted assets of 12% (of which Tier I to be 8%).

The tiered components of Bank's regulatory capital comprise of:

- Tier I capital includes share capital, Tier 1 capital notes, share premium, legal, statutory and other reserves, retained earnings, non-controlling interests after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and
- Tier II capital includes qualifying subordinated debt, undisclosed reserve and fair value reserve.

The Group is compliant with the Standardised Approach for Credit, Market and Operational Risk (Pillar I) with effect from 31 December 2007.

The capital adequacy ratio as per Basel II framework is given below:

	2015 AED'000	*2014 AED'000*
Tier I Capital		
Issued capital	**5,557,775**	5,557,775
Share premium reserve	**12,270,124**	12,270,124
Legal and statutory reserve	**2,778,888**	2,778,888
Other reserves	**2,662,122**	2,797,794
Retained earnings	**17,566,680**	13,031,219
Tier 1 Capital notes	**9,477,076**	9,477,076
Non-controlling interests	**5,662**	4,926
Total tier I Capital	**50,318,327**	45,917,802
Less: Goodwill and intangibles	**(6,030,825)**	(6,156,380)
Less: Treasury shares	**(46,175)**	(46,175)
Total	**44,241,327**	39,715,247
Tier II Capital		
Undisclosed reserves / general provisions	**6,070,344**	4,348,163
Cumulative changes in fair value	**214,369**	401,081
Subordinated debt	**3,752,068**	3,869,898
Total	**10,036,781**	8,619,142
Of which: Eligible tier II capital	**6,681,459**	6,670,128
Total regulatory capital	**50,922,786**	46,385,375

38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management (continued)

38.4.1 Capital management (banking operations) (continued)

RISK WEIGHTED EXPOSURE

	2015 AED'000	*2014 AED'000*
Credit risk	**217,201,778**	191,931,999
Market risk	**4,192,234**	6,961,239
Operational risk	**24,110,440**	21,346,673
Total	**245,504,452**	220,239,911
Capital Ratio:		
Total regulatory capital as a percentage of total risk weighted assets	**20.74%**	21.06%
Total Tier I regulatory capital as a percentage of total risk weighted assets	**18.02%**	18.03%

The Bank has a robust capital adequacy assessment, monitoring and reporting process. It is pro-actively advancing its internal capital adequacy assessment framework along the lines of Basel II and in anticipation of Basel III.

The Bank's forward-looking internal capital adequacy assessment process (ICAAP) is based on the Bank's financial budget projections. Stress scenarios are considered to assess the strength of Bank's capital adequacy over a three year period.

The ICAAP is based on economic capital and defines adequacy as balance of capital supply, in form of available financial resources, and capital demand, in form of cushion against unexpected losses.

The Bank measures capital adequacy as "the capability to withstand unexpected losses at a confidence level of 99.9% through its capital base including projected net-income post dividend and provisions" with the latter measure being the key measure for the adequacy assessment.

The results of the internal capital adequacy assessment process, quarterly actual assessment as well as the annual multi-year forward-looking forecast are monitored against the Bank's risk strategy.

The Bank employs an Integrated Stress Testing Framework to quarterly assess the potential implications of adverse financial conditions and the development of key ratios under stressful conditions. The outcomes of the Integrated Stress Testing Framework influence the setting of the Bank's risk appetite as part of the Bank's periodical risk strategy review.

The Integrated Stress Testing Framework encompasses:

- the forward-looking assessment of economic scenarios, including potential feedback loops and second round effects,
- the measurement of sensitivities against key risk drivers and parameters; and
- the analysis of reverse stress tests modelling events that could cause a significant impact on the Bank, and provides by that a comprehensive analysis on the potential impact in terms of balance sheet structure, financial performance, capitalisation levels and funding profile.

The Bank's stress testing process involves key stake-holders of Group Finance, the Bank's economist and the business units in order to develop economically relevant scenarios and include the views of key stakeholders. The results of the quarterly stress testing exercises are discussed at senior management and Board level.

38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management (continued)

38.4.1 Capital management (banking operations) (continued)

In addition, the Bank uses the results of the Integrated Stress Testing Framework to assess the outcome and stability of the employed economic capital models.

The Bank manages a number of funds that are not consolidated in the consolidated financial statements. The funds have no recourse to the general assets of the Bank; further the Bank has no recourse to the assets of the funds. Third party funds managed by the Bank were AED 11,013 million as at 31 December 2015 (2014: AED 10,750 million).

38.4.2 Capital management (non-banking operations)

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in business conditions. The total equity comprises capital, other distributable and non-distributable reserves and retained earnings aggregating to AED 148,156,043 thousand as at 31 December 2015 (2014: AED 140,468,779 thousand).

The Group has certain bank borrowing arrangements that require maintaining certain ratios and shareholding structure. Apart from these requirements and subordination of funding provided by the shareholders of certain subsidiaries, neither ICD, nor any of its subsidiaries are subject to any additional externally imposed capital requirements.

39 MATERIAL PARTLY OWNED SUBSIDIARIES

The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operations	***2015***	*2014*
Name			
Emirates NBD PJSC	UAE	**44.36%**	44.36%
Dragon Oil plc**	Republic of Ireland / UAE	-	46.00%

	2015 (AED'000)	*2014 (AED'000)*
Balances of material non-controlling interests:		
Emirates NBD PJSC*	**28,311,440**	26,517,564
Dragon Oil plc	-	6,287,925
Profit allocated to material non-controlling interests:		
Emirates NBD PJSC	**3,514,643**	2,549,029
Dragon Oil plc	-	1,099,718
Dividend / interest paid to material non-controlling interests:		
Emirates NBD PJSC*	**1,452,715**	1,122,274
Dragon Oil plc	-	315,517

* These include Tier 1 capital notes and interest thereon.
** During the current year, the Group acquired the remaining non-controlling interest in Dragon Oil plc and now fully owns Dragon Oil plc (see note 35.2)

39 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for the year ended 31 December 2015 / period ended 21 October 2015:

	Emirates NBD PJSC (AED'000)	*Dragon Oil plc (AED'000)*
Profit for the year / period from continuing operations	**7,123,768**	**470,808**
Total comprehensive income	**6,573,181**	**470,808**

Summarised statement of financial position as at 31 December 2015:

	Emirates NBD PJSC (AED'000)	*Dragon Oil plc (AED'000)*
Current assets	**266,113,856**	**-**
Non-current assets	**140,446,319**	**-**
Current liabilities	**302,440,407**	**-**
Non-current liabilities	**53,371,241**	**-**

Summarised cash flow statement information for the year ended 31 December 2015 / period ended 21 October 2015:

	Emirates NBD PJSC (AED'000)	*Dragon Oil plc (AED'000)*
Net cash from operating activities	**6,520,876**	**2,066,732**
Net cash (used in) / from investing activities	**(2,046,534)**	**380,256**
Net cash from / (used in) financing activities	**2,590,845**	**(2,069,451)**
Net increase in cash and cash equivalents	**7,065,187**	**377,537**

Summarised statement of comprehensive income for the year ended 31 December 2014:

	Emirates NBD PJSC (AED'000)	*Dragon Oil plc (AED'000)*
Profit for the year from continuing operations	5,139,030	2,390,690
Total comprehensive income	5,152,079	2,390,690

39 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

Summarised statement of financial position as at 31 December 2014:

	Emirates NBD PJSC (AED'000)	*Dragon Oil plc (AED'000)*
Current assets	219,465,808	10,936,723
Non-current assets	143,555,183	6,950,697
Current liabilities	267,721,609	3,777,481
Non-current liabilities	48,536,465	823,075

Summarised cash flow statement information for year ended 31 December 2014:

	Emirates NBD PJSC (AED'000)	*Dragon Oil plc (AED'000)*
Net cash from operating activities	8,883,476	3,020,225
Net cash from / (used in) investing activities	2,216,225	(2,304,365)
Net cash from / (used in) financing activities	6,727,534	(679,750)
Net increase in cash and cash equivalents	17,827,235	36,110

40 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities, which is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised into the following three major reportable operating segments:

- Banking and other financial services: This segment comprises of banking operations, non-bank financial institutions, holding and administering of interests in the financial exchanges and financial transaction management advisory services.
- Transportation and related services: This segment comprises primarily of passenger and commercial air transportation (including retail of consumer goods and in-flight catering), airport handling operations, aircraft handling and engineering services, other travel related services, aircraft leasing and MRO services; and
- Oil and gas products/services: This segment comprises of upstream oil and gas production and downstream marketing and retailing of oil and gas functions.

Other segments are components of the Group's business activities that need not be disclosed separately as per the criteria specified under IFRS 8- Operating Segments. A brief description of these businesses is as follows:

- Retail trade: Primarily comprises of duty free retail services at Dubai's airports, ownership and operations of supermarkets and retail services, and trading of goods and services across various sectors such as automobiles and industrial machinery;
- Rental income: Primarily comprises of income from operating leases of buildings and from rental of exhibition and convention centres;
- Hotels and leisure: Primarily comprises of the hotels owned by the Group and related operations;
- Contract revenue: Comprises of income from construction contracting and structural steelwork manufacturing; and
- Other investment income: Primarily comprises of investment operations.

40 OPERATING SEGMENTS (continued)

The financial information in relation to the various operating segments of the Group is presented below:

2015 *:	***Banking and other financial services AED'000***	***Transportation and related services AED'000***	***Oil and gas products/ services AED'000***	***Others AED'000***	***Total AED'000***
Revenues					
Revenue from external customers	**17,194,576**	**94,410,506**	**49,669,646**	**16,108,643**	**177,383,371**
Results:					
Profit for the year from continuing operations before tax	**9,032,749**	**8,071,229**	**3,698,967**	**4,829,546**	**25,632,491**
Assets and liabilities:					
Segmental Assets	**408,066,671**	**143,526,633**	**65,647,097**	**101,892,691**	**719,133,092**
Segmental Liabilities	**336,072,059**	**99,868,263**	**44,777,942**	**42,778,712**	**523,496,976**

2014:	*Banking and other financial services AED'000*	*Transportation and related services AED'000*	*Oil and gas products/ services AED'000*	*Others AED'000*	*Total AED'000*
Revenues					
Revenue from external customers *	16,326,155	93,115,768	71,196,785	11,420,195	192,058,903
Results:					
Profit for the year from continuing operations before tax *	10,184,213	5,215,032	3,726,726	3,258,214	22,384,185
Assets and liabilities:					
Segmental Assets	365,528,895	136,860,228	73,055,414	96,834,127	672,278,664
Segmental Liabilities	298,552,041	99,501,703	44,345,297	39,853,576	482,252,617

* Group entities which are classified as a disposal group held for sale as at the reporting date and 2014 have not been considered for IFRS 8 – Operating Segments disclosures.

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

SUBSIDIARIES:

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
List of subsidiaries of ICD				
Emirates NBD PJSC	**55.64%**	55.64%	UAE	Banking
Emirates National Oil Co. Limited (ENOC) LLC	**100.00%**	100.00%	UAE	Development and production of oil and gas, gas gathering and processing, production and selling of MTBE, marketing of petroleum products and retailing at service stations, oil trading, terminalling and storage, condensate processing, aviation fuel marketing, lubricant marketing, bunkering and oil related shipping activities
Dubai World Trade Centre Authority (formerly known as Dubai World Trade Center Corporation	**100.00%**	100.00%	UAE	Management of Dubai World Trade Centre Complex and managing, operating, servicing and leasing properties and organizing conferences and exhibitions
Cleveland Bridge and Engineering Middle East (Private) Limited	**51.00%**	51.00%	UAE	Contracting for designing, industrial and commercial structures
Cleveland Steel Emirates LLC	**51.00%**	51.00%	UAE	Structural steel manufacture
Emirates	**100.00%**	100.00%	UAE	Commercial air transportation which includes passenger, cargo and postal carriage services, wholesale and retail of consumer goods, in-flight and institutional catering and hotel operations
dnata/dnata World Travel	**100.00%**	100.00%	UAE	Aircraft handling and engineering services, handling services for export and import cargo, information technology services, representing airlines as their general sales agent, travel agency and other travel related services and inflight and institutional catering

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Dubal Holding LLC	**100.00%**	100.00%	UAE	Investment company in commercial/industrial enterprises and management
Borse Dubai Limited	**89.72%**	89.72%	UAE	Acquire and hold interests in undertakings operating or active in the financial exchange sector as well as the administration, development and management of such holdings
Aswaaq LLC	**99.00%**	99.00%	UAE	Retail trading
Emaratech (Emarat Technology Solutions) FZ LLC	**100.00%**	100.00%	UAE	Information technology services for DNRD
Golf in Dubai LLC	**99.00%**	99.00%	UAE	Managing of Golf events
Dubai Duty Free Establishment	**100.00%**	100.00%	UAE	Duty Free operations at borders
Dubai Silicon Oasis Authority	**100.00%**	100.00%	UAE	Property related operations
Dubai Airport Freezone Authority	**100.00%**	100.00%	UAE	Property related operations
National Bonds Corporation PJSC	**100.00%**	100.00%	UAE	Finance investment company primarily engaged in promoting and setting-up all types of investment funds and projects, and acting as an investment manager.
Dubai Aerospace Enterprises (DAE) Limited	**80.53%**	68.36%	UAE	Operations in aircraft leasing and financial services to the global aviation industry
D Clear Europe Ltd	**100.00%**	100.00%	UK	Development, distribution and service of its transaction lifecycle Management Software products and Data Management services.
ICD Funding Limited	**100.00%**	100.00%	Cayman Islands	Investment company
Atlantis the Palm 2 Holding LLC	**100.00%**	-	UAE	Leisure & hospitality

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
AMSA Holdings FZE	**100.00%**	100.00%	UAE	Owning and leasing of properties
Gazelle Finance Limited	**100.00%**	100.00%	Cayman Islands	Special purpose vehicle for holding investments
Al Salwa Investment LLC (see note 23)	**100.00%**	100.00%	UAE	Holding and proprietary investments Company
One Za'abeel LLC	**100.00%**	100.00%	UAE	Management of real estate
Iceberg Limited	**100.00%**	100.00%	UAE	Special purpose vehicle for holding investments
Pelegen LLC	**100.00%**	100.00%	UAE	Engage in real estate management services
Deira Waterfront Development LLC	**100.00%**	100.00%	UAE	Property development management
Canal Point LLC	**100.00%**	-	UAE	Special purpose vehicle for investment in commercial enterprises and management
Canal Point FZE	**100.00%**	-	UAE	Special purpose vehicle for real estate management services
Columbus Centre Corporation (Cayman)	**100.00%**	-	Cayman Islands	Hotel operations
Kerzner International Holdings Ltd (previous year classified under "associates')	**69.47%**	**45.11%**	Bahamas	Hotel operations and management
Zeera Investment LLC	**99.00%**	-	UAE	Special purpose vehicle for investment in agricultural enterprises and management.
Ssangyong Engineering & Construction Co., Ltd.	**93.43%**	-	Korea	Engineering and construction company
Imdaad LLC	**100.00%**	-	UAE	Management services.
ICD Cape Town FZE	**100.00%**	-	UAE	Holding and propriety company

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Dubai Aviation Corporation (trading as flydubai)	**100.00%**	-	UAE	Commercial air transportation which includes passengers, cargo and postal carriage services, whole sale and retail of consumer goods, in-flight and institutional
Ithra Dubai Owned by ICD One Person Co. LLC	**100.00%**	-	UAE	Real estate holding and trust company
ICD Hospitality & Leisure LLC (formerly known as ICD Asset Management LLC)	**100.00%**	100.00%	UAE	Leisure & hospitality

List of subsidiaries of ICD Hospitality and Leisure LLC

Atlantis the Palm Holding Company Ltd	**100.00%**	-	British Virgin Islands	Hotel operation
Hotels Washington Corporation (Cayman)	**100.00%**	-	Cayman Islands	Hotel operation
ICD International Holding B.V	**100.00%**	-	Netherlands	Holding Company

List of subsidiaries of Atlantis the Palm 2 Holding Company Limited

	Ownership interest **2015**	*Ownership interest* 2014	*Country of incorporation*	*Principal activities*
Atlantis the Palm 2 Limited (DIFC)	**100.00%**	-	UAE	Holding Investments and arranging financing
Atlantis the Palm 2 Development LLC	**100.00%**	-	UAE	Real estate Development
The Royal Atlantis Resort & Residences FZCO	**100.00%**	-	UAE	Managing real estate assets

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD Cape Town FZE

	Ownership interest	*Ownership interest*	*Country of incorporation*	*Principal activities*
One&Only Cape Town Holdings (PTY) Limited	**55.45 %**	-	UAE	Holding and propriety company

List of subsidiaries of Emirates NBD PJSC

Buzz Contact Centre Solutions LLC	**100.00%**	100.00%	UAE	Call centre management services
Dubai Bank PJSC	**100.00%**	100.00%	UAE	Islamic Banking
E.T.F.S. LLC	**100.00%**	100.00%	UAE	Trade finance services
Emirates Financial Services PSC	**100.00%**	100.00%	UAE	Funds management
Emirates Funds Managers (Jersey) Limited	**100.00%**	100.00%	Jersey	Asset management
Emirates NBD Global Funding Limited	**100.00%**	100.00%	Cayman Island	Medium term borrowing and money market transactions
Emirates NBD Asset Management Limited	**100.00%**	100.00%	UAE	Asset management
Emirates Islamic Bank PJSC	**99.90%**	99.90%	UAE	Islamic Banking
Emirates NBD Trust Company (Jersey) Limited	**100.00%**	100.00%	Jersey	Trust administration services
Emirates NBD Securities LLC	**100.00%**	100.00%	UAE	Brokerage services

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates NBD PJSC (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Emirates NBD Properties LLC	**100.00%**	100.00%	UAE	Real estate
Emirates Money Consumer Finance LLC	**100.00%**	100.00%	UAE	Consumer finance
Emirates Fund LLC	**100.00%**	100.00%	UAE	Assets Management
Emirates NBD Capital (KSA) LLC	**100.00%**	100.00%	KSA	Investment services
KSA Mortgage Company	**100.00%**	100.00%	KSA	Nominee Company for Mortgage Business
ENBD London Branch Nominee Company	**100.00%**	100.00%	UK	Asset Management
Emirates NBD Egypt S.A.E	**100.00%**	100.00%	Egypt	Banking
Tanfeeth LLC	**100.00%**	100.00%	UAE	Shared services organization
Group tranche of Emblem Finance Company No. 2 Limited	**100.00%**	100.00%	UAE	Asset securitisation
Emirates NBD Auto Financing Limited	**100.00%**	100.00%	UAE	Asset securitisation
ENBD Asset Finance Company No.1 Limited	**100.00%**	100.00%	Republic of Ireland	Asset securitisation
Emirates NBD Auto Finance Limited	**100.00%**	100.00%	UAE	Asset securitisation
ENBD Asset Finance Company No.2 Limited	**100.00%**	100.00%	Cayman Island	Asset securitisation
Emirates NBD Tier 1 Limited	**100.00%**	100.00%	Cayman Island	Asset securitisation
Emirates NBD 2014 Tier 1 Limited	**100.00%**	100.00%	Cayman Island	Asset securitisation
EIB Sukuk Limited	**100.00%**	100.00%	Cayman Island	Asset securitisation

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
List of subsidiaries of National Bonds Corporation PJSC				
National Bonds Limited FZE	**100.00%**	100.00%	UAE	Investments
First Wharf Tower LLC	**100.00%**	100.00%	UAE	Real estate development
National Properties LLC	**100.00%**	100.00%	UAE	Management services
National Healthcare LLC	**100.00%**	100.00%	UAE	Healthcare
Dubai Cup LLC	**100.00%**	100.00%	UAE	Sports clubs & facility management
Alpha Utilities Management Services LLC	**100.00%**	100.00%	UAE	Utilities management
Sky Courts LLC	**100.00%**	100.00%	UAE	Real estate development
List of subsidiaries of Borse Dubai Limited				
Dubai Financial Market PJSC (DFM)	**79.70%**	79.70%	UAE	Electronic Financial Market
Nasdaq Dubai Limited (NASDAQ Dubai)	**86.42%**	86.42%	UAE	Electronic Financial Market
List of subsidiaries of Emirates National Oil Co. Limited (ENOC) LLC				
Dubai Natural Gas Company Limited	**100.00%**	100.00%	UAE	Gas processing
Emirates Gas LLC	**100.00%**	100.00%	UAE	Bottling and sale of LPG
Emirates National Oil Company (Singapore) Private Limited	**100.00%**	100.00%	Singapore	Petroleum supply & trading
ENOC Processing Company LLC	**100.00%**	100.00%	UAE	Petroleum refining

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates National Oil Co. Limited (ENOC) LLC (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
ENOC Properties LLC	**100.00%**	100.00%	UAE	Property & facility management
ENOC Supply and Trading LLC	**100.00%**	100.00%	UAE	Petroleum supply & trading
Emirates Petroleum Products Company LLC. (EPPCO) LLC	**100.00%**	100.00%	UAE	Gasoline retailing
Global Technology Services LLC	**100.00%**	100.00%	UAE	IT projects and services
Horizons Terminals Limited	**100.00%**	100.00%	Bahamas	Terminalling holding company
Horizon Jebel Ali Terminals Limited	**100.00%**	100.00%	Bahamas	Chemical terminal
Cylingas Company LLC	**100.00%**	100.00%	UAE	Tank fabrication and cylinder manufacturing
Dragon Oil Plc	**100.00%**	54.00%	Republic of Ireland	Oil and gas exploration and production
ENOC Marketing LLC	**100.00%**	100.00%	UAE	Petroleum sales and marketing
Horizon Singapore Terminals Private Limited	**52.00%**	52.00%	Singapore	Petroleum terminal
ENOC Fuel Supply Company LLC	**100.00%**	100.00%	UAE	Petroleum supply and trading
ENOC Commercial & Distribution LLC	**100.00%**	100.00%	UAE	Petroleum sales and marketing
ENOC Lubricants & Grease Manufacturing Plant LLC	**100.00%**	100.00%	UAE	Lubricants and grease manufacturing
Horizon Emirates Terminals LLC	**100.00%**	100.00%	UAE	Petroleum terminal

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emaratech (Emarat Technology Solutions) FZ LLC

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Aamal (Sole Establishment)	**100.00%**	100.00%	UAE	Services for typing, photocopying document clearing, and facilities management
Datel System & Software LLC	**100.00%**	100.00%	Jordan	Installation and operation of e-gates in Kingdom of Jordan.
Zajel Courier Services (sole establishment)	**100.00%**	100.00%	UAE	Letters and post items delivery, parcels delivery and documents transport
Emirates Real Estate Services (sole establishment)	**100.00%**	100.00%	UAE	Information technology consultancy and operations.
Zajel FZE, UAE	**100.00%**	100.00%	UAE	Letters and post items delivery, parcels delivery and documents transport.

List of subsidiaries of Dubai Airport Freezone Authority

DAFZA Investments FZE	**100.00%**	100.00%	UAE	Commercial and industrial investment and management services
DAFZA Economics & Free Zone Management FZE	**100.00%**	100.00%	UAE	Managing economic and free zones
Dubai Airport Freezone (USA) Inc	**100.00%**	100.00%	USA	Negotiating and signing service contracts in USA
Free Zone Development FZE	**100.00%**	100.00%	UAE	Providing management services

List of subsidiaries of Dubai Silicon Oasis Authority

Dubai Silicon Oasis Inc. ("DSO Inc")	**100.00%**	100.00%	USA	Sales and marketing
University Development FZE	**100.00%**	100.00%	UAE	University development
Silicon Oasis Founders FZCO	**100.00%**	100.00%	UAE	Incubation centre

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Maritime & Mercantile International Holding L.L.C	**100.00%**	100.00%	UAE	Holding Company
Maritime & Mercantile International L.L.C.	**68.70%**	68.70%	UAE	Wholesale and retail of consumer goods
Emirates Leisure Retail L.L.C.	**68.70%**	68.70%	UAE	Food and beverage operations
Emirates Leisure Retail Holding L.L.C.	**100.00%**	100.00%	UAE	Holding company
Emirates Hotel L.L.C.	**100.00%**	100.00%	UAE	Hotel operations
Emirates Hotel (Australia) Pty Ltd.	**100.00%**	100.00%	Australia	Hotel operations
Emirates Flight Catering Company L.L.C.	**90.00%**	90.00%	UAE	In-flight and institutional catering
Emirates Leisure Retail (Singapore) Pte. Ltd	**100.00%**	100.00%	Singapore	Food and beverage operations
Emirates Leisure Retail (Australia) Pty. Ltd	**100.00%**	100.00%	Australia	Food and beverage operations

List of subsidiaries of dnata/dnata World Travel

dnata Travel (UK) Ltd	**100.00%**	100.00%	United Kingdom	Travel agency
dnata Inc.	**100.00%**	100.00%	Philippines	Aircraft handling services
dnata International Airport Services Pte Ltd	**100.00%**	100.00%	Singapore	Holding company
Maritime and Mercantile International Travel LLC	**100.00%**	100.00%	UAE	Travel agency
dnata GmbH	**100.00%**	100.00%	Austria	Holding company
dnata Switzerland AG	**100.00%**	100.00%	Switzerland	Aircraft handling services

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of dnata/dnata World Travel (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Al Hidaya Travel and Tourism WLL	**100.00%**	100.00%	Bahrain	Travel agency
Cleopatra International Travel WLL	**100.00%**	100.00%	Bahrain	Travel agency
dnata Aviation Services Ltd	**100.00%**	100.00%	UK	Holding company
dnata for Airport Services Ltd	**100.00%**	100.00%	Iraq	Aircraft handling services
dnata Catering Services Ltd	**100.00%**	100.00%	UK	Holding company
Alpha Flight Group Ltd	**100.00%**	100.00%	UK	In-flight catering services
Alpha Flight UK Ltd	**100.00%**	100.00%	UK	In-flight catering services
Alpha Flight Services Pty Ltd	**100.00%**	100.00%	Australia	In-flight catering services
Alpha Flight Ireland Ltd	**100.00%**	100.00%	Republic of Ireland	In-flight catering services
Travel Republic Limited	**75.00%**	75.00%	UK	Online travel services
Marhaba Bahrain SPC	**100.00%**	100.00%	Bahrain	Passenger meet and greet services
Airline Cleaning Service Pty Ltd	**100.00%**	100.00%	Australia	Aircraft cleaning service
dnata Singapore Pte Ltd.	**100.00%**	100.00%	Singapore	Aircraft handling and catering services
dnata International Private Limited	**100.00%**	100.00%	India	Travel agency
dnata World Travel Limited	**75.00%**	75.00%	UK	Holding company
Alpha In-Flight US LLC	**100.00%**	100.00%	USA	In-flight catering services
dnata Catering SA (formerly Alpha Rocas SA)	**64.20%**	64.20%	Romania	In-flight catering services
Alpha Flight Services UAE	**49.00%**	49.00%	UAE	In-flight catering services
Jordan Flight Catering Company Ltd	**35.90%**	35.90%	Jordan	In-flight catering services

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of dnata/dnata World Travel (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
En Route International Limited	**80.00%**	80.00%	UK	Bakery and packaged food solutions
dnata Limited	**100.00%**	100.00%	UK	Aircraft handling services
Alpha Flight a.s.	**100.00%**	100.00%	Czech Republic	In-flight catering services
Najm Travel LLC	**100.00%**	100.00%	UAE	Travel agency
dnata Travel Holdings UK Ltd	**100.00%**	100.00%	UK	Travel services
dnata srl (formerly Air Chef srl)	**100.00%**	100.00%	Italy	In-flight catering services
Gold Medal Travel Group plc	**100.00%**	100.00%	UK	Travel services
Airline Network plc	**100.00%**	100.00%	UK	Travel services
dnata Travel Inc	**100.00%**	100.00%	Philippines	Travel services
Travel Partners LLC	**100.00%**	100.00%	UAE	Travel services
Stella Travel Services (UK) Ltd	**100.00%**	100.00%	UK	Travel services
Stella Global UK Ltd	**100.00%**	100.00%	UK	Travel services
dnata Aviation Services Holding Limited	**100.00%**	-	UAE	Holding Company
dnata Airport Services Pty Ltd (formerly Toll dnata Airport Services Pty Ltd) – previous year classified under "Joint ventures"	**100.00%**	50.00%	Australia	Aircraft Handling Services
dnata Aviation Services US Inc.	**100.00%**	-	United States of America	Holding Company
dnata BV	**100.00%**	-	The Netherlands	Aircraft Handling Services
Plafond fitout LLC	**100.00%**	-	UAE	MEP contracting

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Ssangyong Engineering & Construction Co., Ltd.

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Jungam H&D Co., Ltd	**100.00%**	100.00%	Korea	Construction and real estate sale
Jungam 3rd Co. Ltd.	**100.00%**	100.00%	Korea	Wholesale and retail
PT. SSY Konstruksi Indonesia	**100.00%**	100.00%	Indonesia	Construction and real estate sale
Ssangyong E&C GE S.A.	**60.00%**	60.00%	Equatorial Guinea	Construction

List of subsidiaries of D-Clear Europe Limited

SmartStream Technologies Group Limited	**100.00%**	100.00%	UK	Holding Company
SmartStream Funding Limited	**100.00%**	100.00%	UK	Holding Company
SmartStream Acquisitions Limited	**100.00%**	100.00%	UK	Holding Company
SmartStream Technologies Holdings Limited	**100.00%**	100.00%	UK	Holding Company
SmartStream Technologies Limited	**100.00%**	100.00%	UK	Software development
SBS International Holdings Limited	**100.00%**	100.00%	UK	Holding company
SmartStream Technologies GmbH	**100.00%**	100.00%	Austria	Software development
SmartStream Technologies (Deutschland) Gmbh	**100.00%**	100.00%	Germany	Software development
SmartStream Technologies Schweiz GmbH	**100.00%**	100.00%	Switzerland	Software development
SmartStream Technologies France S.A	**100.00%**	100.00%	France	Software development
SmartStram Technologies (Hong Kong) Limited	**100.00%**	100.00%	Hong Kong	Software development
Reference Data Services holding LLC	**55.03%**	-	USA	Holding Company
Reference Data Services LLC	**55.03%**	-	USA	Software development

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of D-Clear Europe Limited (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
SmartStream RDU India Private Ltd	**55.03%**	-	India	Software development
SmartStream Technologies Iberia SL	**100.00%**	100.00%	Spain	Software development
SmartStream Technologies Benelux-Nordic N:V	**100.00%**	100.00%	Belgium	Software development
SmartStream Technologies Italia Srl	**100.00%**	100.00%	Italy	Software development
SmartStream Technologies (Asia Pacific) Pte. Ltd	**100.00%**	100.00%	Singapore	Software development
SmartStream Technologies Inc.	**100.00%**	100.00%	USA	Software development
African Management Data Pty. Ltd	**100.00%**	100.00%	South Africa	Software development
Smart Stream Technologies Australia Pty. Ltd	**100.00%**	100.00%	Australia	Software development
SmartStream Technologies Luxembourg S.A.	**100.00%**	100.00%	Luxembourg	Software development
SmartStream Technologies India Private Ltd	**100.00%**	100.00%	India	Software development
SmartStream Technologies (Dubai) LLC	**100.00%**	100.00%	Dubai	Software development
SmartStream Technologies (Beijing) Co Ltd	**100.00%**	100.00%	China	Software development
SmartStream Technologies India Distributor Private Ltd	**100.00%**	100.00%	India	Software development
SmartStream Technologies Netherland B.V	**100.00%**	100.00%	Netherland	Software development

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Kerzner International Holding Company

	***Ownership interest* 2015**	*Ownership interest* 2014	*Country of incorporation*	*Principal activities*
Kerzner International Limited	**100.00%**	100.00%	Bahamas	Holding company
Kerzner International North America, Inc.	**100.00%**	100.00%	Delaware	Holding company
One&Only Le Saint Geran Ltd	**100.00%**	100.00%	Mauritius	Hotel operations
Kerzner International Management FZ-LLC	**100.00%**	100.00%	UAE	Hotel management
One&Only Management Limited (BVI)	**100.00%**	100.00%	British Virgin Islands	Hotel management
Kerzner International Management Limited	**100.00%**	100.00%	British Virgin Islands	Hotel management
One&Only (Indian Ocean) Management Limited	**100.00%**	100.00%	British Virgin Islands	Hotel management
Kerzner International Marketing (UK) Limited	**100.00%**	100.00%	UK	Marketing, Promotional and administrative services

List of subsidiaries of Imdaad LLC

Imdaad Holding – 1 Limited	**100.00%**	100.00%	UAE	Investment activities and facilities management services
Imdaad Abu Dhabi Facilities Management LLC	**99.00%**	99.00%	UAE	Facilities management services
Isnaad Facilites Management Services	**99.00%**	99.00%	UAE	Facilities management services
Imdaad Intergrated Facility Services LLC	**99.00%**	99.00%	Oman	Facilities management services
Imdaad Al Sharq Holding Co. LLC	**99.00%**	-	KSA	Facilities management services
Nigma Lifts Installations & Maintenance Co. LLC	**99.00%**	-	UAE	Facilities management services

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES:

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
List of associates of ICD				
Emaar Properties PJSC	**27.50 %**	27.50 %	UAE	Property investment and development, property management services, retail, hospitality and investments in providers of financial services
Dubai Islamic Bank PJSC	**27.91%**	27.91%	UAE	Banking
Commercial Bank of Dubai PSC	**20.00%**	20.00%	UAE	Banking
Galadari Brothers Company Limited (LLC)	**37.94%**	37.94%	UAE	Company engaged in trading of various goods and services
Dubai Ice Factory and Refregeration LLC	**28.00%**	28.00%	UAE	Manufacture and sale of ice.
Emirates Investment & Development PSC	**27.92%**	27.92%	UAE	Investment in properties, securities, agriculture, livestock and food, in addition to establishing trading, investing and manufacturing project inside and outside the UAE
Dubai Development Company PJSC	**-**	25.00%	UAE	Real estate development
HSBC Middle East Finance Company Limited	**20.00%**	20.00%	UAE	Provision of hire purchase finance for the purchase of motor vehicles and equipment.
Emirates Refreshments PSC	**20.00%**	20.00%	UAE	Bottling and selling mineral water as well as manufacturing plastic packs and bottles
Noor Investment Group LLC	**25.00%**	25.00%	UAE	Investment company

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES: (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
List of associates of Emirates NBD PJSC				
National General Insurance Co. PSC	**36.70%**	36.70%	UAE	General and life insurance
List of associates of Emirates National Oil Co. Limited (ENOC) LLC				
Horizon Djibouti Holding Limited	**44.44%**	44.44%	Djibouti	Terminalling holding company
Arabtank Terminals limited	**36.50%**	36.50%	Saudi Arabia	Petroleum and chemical terminal
Gulf Energy Maritime PJSC	**35.62%**	35.62%	UAE	Shipping
Vopak Horizon Fujairah Holding Limited	**33.33%**	33.33%	Gibraltar	Terminalling holding company
Horizon Tangiers Terminals SA	**34.00%**	34.00%	Morocco	Petroleum terminals
List of associates of dnata/dnata World Travel				
Dubai Express LLC	**50.00%**	50.00%	UAE	Freight clearing and forwarding
Gerry's dnata (Private) Ltd	**50.00%**	50.00%	Pakistan	Aircraft handling services
Hogg Robinson Group Plc	**22.00%**	22.00%	UK	Corporate travel services
Oman United Agency Travel LLC	**50.00%**	50.00%	Oman	Corporate travel services
Guangzhou Baiyn International Airport Ground Handling Services Company Ltd.	**20.00%**	20.00%	China	Aircraft handling services
Mercator Solutions FZE	**19.00%**	19.00%	UAE	Information technology services
List of associates of Borse Dubai Limited				
Nasdaq, Inc. (formerly known as Nasdaq OMX Group Inc.) (see note 41.1)	**18.12%**	17.64%	USA	Stock Exchange

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES: (continued)

List of associates of Dubai Silicon Oasis Authority

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
German Business Park FZCO	**32.00%**	32.00%	UAE	Mixed use property development
MENA Network FZCO	**28.00%**	28.00%	UAE	Owning, developing and operating the web portal
2 CVs FZCO	**38.00%**	38.00%	UAE	Owning, developing and operating the web portal
Jibber Jabber FZCO	**20.00%**	-	UAE	Education student planner platform
360-E-Learn-FZCO	**36.00%**	-	UAE	Education online learning platform

List of associates of National Bonds Corporation PJSC

Souk Extra	**13.07%**	13.07%	UAE	Community shopping centres
Madaarees PJSC	**17.20%**	-	UAE	School management

List of associates of Dubal Holding LLC

Dubai Carbon Centre of Excellence PJSC (DCCE)	**25.00%**	25.00%	UAE	Aggregation services to facilitate the transition to a low carbon economy

List of associates of Kerzner International Holding Limited

KSW Mass, LLC	**33.30%**	33.30%	USA	Pursues potential gaming opportunities
Mazagan Beach Resort	**28.8%**	28.8%	Morocco	Hotel operations

List of associate of Emaratech (Emarat Technology Solutions) FZ-LLC.

US-14-A/S	**17.00%**	-	Denmark	Manufacture, market and sell security

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES:

List of joint ventures of ICD

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
Dubai Cable Company (Private) Limited	**50.00%**	50.00%	UAE	Manufacture and sales of power cables, control cables, building wires and lead cables.
ICD Brookfield Holdings Bermuda Limited	**50.00%**	50.00%	Bermuda	Property development and management

List of joint ventures of Emirates NBD PJSC

Network International LLC	**51.00%**	51.00%	UAE	Card processing services

List of joint ventures of Emirates National Oil Co. Limited (ENOC) LLC

EPPCO International Limited ("EIL")	**50.00%**	50.00%	Bahamas	Petroleum terminal
Horizon Taeyoung Korea Terminals Ltd.	**50.00%**	50.00%	South Korea	Chemical terminal
EPPCO Projects LLC	**51.00%**	51.00%	UAE	Aviation and lubricants marketing

List of joint ventures of dnata/dnata World Travel

dnata-PWC Airport Logistics LLC (formerly PAL PAN Airport Logistics LLC	**50.00%**	50.00%	UAE	Logistics services
Transguard Group LLC *	**100.00%**	100.00%	UAE	Security services
Dunya Travel LLC	**50.00%**	50.00%	UAE	Travel agency
SDV UAE LLC *	**25.50%**	25.50%	UAE	Logistics services
Najm Travel LLC	**50.00%**	50.00%	Afghanistan	Travel agency
Al Tawfeeq Travels (dnata Travels) LLC	**50.00%**	50.00%	Qatar	Travel agency
dnata Travel Limited *	**70.00%**	70.00%	KSA	Travel agency
dnata Newrest (Pty) Ltd	**50.00%**	50.00%	South Africa	In-flight catering service
Travel Counsellors LLC *	**51.00%**	51.00%	UAE	Travel Services
Alpha LSG Ltd	**50.00%**	50.00%	UK	In-flight catering services

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES (continued)

List of joint ventures of dnata/dnata World Travel (continued)

	Ownership interest 2015	*Ownership interest 2014*	*Country of incorporation*	*Principal activities*
India Premier Services Ltd	**50.00%**	50.00%	India	Passenger meet and greet services
Transecure LLC *	**50.00%**	50.00%	UAE	Security services
Super Bus Tourism LLC *	**75.00%**	75.00%	UAE	Travel agency

* These are subject to joint control

List of joint ventures of Emirates

Emirates-CAE Flight Training LLC	**50.00%**	50.00%	UAE	Flight simulator training
Premier Inn Hotels LLC	**51.00%**	51.00%	UAE	Hotel operations
CAE Flight Training (India) Private Ltd	**50.00%**	50.00%	India	Flight simulator training
CAE Middle East Holdings Limited	**50.00%**	50.00%	UAE	Holding company

List of joint ventures of Dubai World Trade Centre (L.L.C.)

DV Global Link L.L.C ("DV Global")	**51.00%**	**51.00%**	UAE	Event management

List of joint ventures of Dubal Holding LLC (see note 23)

Emirates Global Aluminium PJSC (EGA)	**50.00%**	50.00%	UAE	Aluminium smelters
Sinoway Carbon Co. Ltd*	**20.00%**	20.00%	China	Calcined petroleum coke manufacturing facility

*Is subject to joint control

List of joint venture of Imdaad LLC

Imdaad Facilities Services Managements LLC	**49.00%**	49.00%	Qatar	Facilities management services

In a number of cases, the Group owns more than 50% ownership interest in entities and have classified them as associate / joint ventures, as management believes that the Group does not control these entities. The Group has joint control on these entities with other owners and unanimous owner consent is required for strategic financial and operating decisions by these entities.

41.1 Although the Group holds less than 20% of the equity shares of Nasdaq Inc, the Group exercises significant influence through having a direct representation on the Board of Directors of Nasdaq Inc and accordingly, has adopted the equity method of accounting for this investment from the acquisition date.

42 SUBSEQUENT EVENTS

1. Subsequent to 31 December 2015, the Group acquired controlling stake in Adriatic Marinas d.o.o. located in Montenegro.

2. Subsequent to 31 December 2015, dnata acquired 100% ownership of Ground Services International, Inc. and Metro Air Service, Inc. based in Detroit, Michigan, United States.