Amlak Finance PJSC
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2016 (UNAUDITED)

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AMLAK FINANCE PJSC

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Amlak Finance PJSC and its subsidiaries (the 'Group') as of 30 June 2016, and the related interim consolidated statements of income and comprehensive income for the three and six month periods then ended and changes in equity and cash flows for the six month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

Signed by
Anthony O'Sullivan
Partner
Registration No. 687

4 August 2016

Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the period ended 30 June 2016 (Unaudited)

	Notes	*Three months ended 30 June* 2016 AED'000	*Three months ended 30 June* 2015 AED'000	*Six months ended 30 June* 2016 AED'000	*Six months ended 30 June* 2015 AED'000
Income from Islamic financing and investing assets		**43,568**	64,867	**100,290**	144,783
Fee income		**2,084**	1,969	**4,397**	2,659
Income on deposits		**1,658**	1,105	**3,099**	1,835
Rental income		**13,752**	10,445	**27,112**	20,973
Sale of real estate	8	**31,618**	20,802	**311,742**	20,802
Other income		**2,061**	6,392	**4,943**	12,907
		94,741	105,580	**451,583**	203,959
(Impairment) / reversal of impairment on:					
- Islamic financing and investing assets		**(23,743)**	34,435	**(30,352)**	34,581
- Other assets		**(522)**	(1,175)	**630**	(243)
- Amortisation of initial fair value gain on investment deposits	9	**(31,096)**	(51,426)	**(57,569)**	(79,886)
Operating expenses		**(39,431)**	(36,765)	**(84,670)**	(71,328)
Cost of sale of real estate	8	**(10,506)**	(9,811)	**(141,238)**	(9,811)
Share of results of associate		**7,444**	4,736	**13,809**	10,796
(LOSS) / PROFIT BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		**(3,113)**	45,574	**152,193**	88,068
Distribution to financiers / investors		**(32,421)**	(37,041)	**(64,755)**	(73,445)
(LOSS) / PROFIT FOR THE PERIOD		**(35,534)**	8,533	**87,438**	14,623
Attributable to:					
Equity holders of the parent		**(36,680)**	7,173	**85,380**	10,894
Non controlling interests		**1,146**	1,360	**2,058**	3,729
		(35,534)	8,533	**87,438**	14,623
(Loss) / earnings per share attributable to: Equity holders of the parent:					
Basic (loss) / profit per share (AED)	3	**(0.026)**	0.001	**0.057**	0.004
Diluted (loss) / profit per share (AED)	3	**(0.012)**	0.001	**0.027**	0.002

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2016 (Unaudited)

	Three months ended 30 June		*Six months ended 30 June*	
	2016	*2015*	***2016***	*2015*
	AED'000	*AED'000*	***AED'000***	*AED'000*
(Loss) / profit for the period	**(35,534)**	8,533	**87,438**	14,623
Other comprehensive income				
Items that would be reclassified to profit / (loss) in subsequent periods:				
Exchange differences on translation of foreign operations	**(1,166)**	(1,154)	**(40,062)**	(24,435)
Other comprehensive income for the period	**(1,166)**	(1,154)	**(40,062)**	(24,435)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(36,700)**	7,379	**47,376**	(9,812)
Attributable to:				
Equity holders of the parent	**(37,846)**	6,019	**45,318**	(13,541)
Non controlling interests	**1,146**	1,360	**2,058**	3,729
	(36,700)	7,379	**47,376**	(9,812)

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 (Unaudited)

	Notes	*30 June 2016 AED'000 (Unaudited)*	*31 December 2015 AED'000 (Audited)*
ASSETS			
Cash and balances with banks	4	**813,108**	606,440
Islamic financing and investing assets		**3,210,496**	3,459,713
Available-for-sale investments	5	**8,584**	25,529
Advances for investment properties	6	**322,818**	322,818
Investment properties	7	**1,697,742**	1,701,920
Properties under development	8	**265,550**	386,418
Investment in associate		**279,444**	282,096
Other assets		**166,166**	88,973
Furniture, fixtures and office equipment		**17,334**	14,168
TOTAL ASSETS		**6,781,242**	6,888,075
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	9	**4,765,982**	4,845,232
Term Islamic financing		**73,482**	69,799
Employees' end of service benefits		**6,826**	6,292
Other liabilities		**184,938**	235,442
Total liabilities		**5,031,228**	5,156,765
Equity			
Equity attributable to equity holders of the parent			
Share capital		**1,500,000**	1,500,000
Employee stock option plan shares		**(93,048)**	(93,048)
Statutory reserve		**117,690**	117,690
General reserve		**117,690**	117,690
Special reserve		**99,265**	99,265
Mudaraba Instrument		**231,128**	231,128
Mudaraba Instrument reserve		**868,947**	868,947
Cumulative changes in fair value		**2,063**	4,163
Foreign currency translation reserve		**(177,787)**	(137,725)
Accumulated losses		**(1,037,521)**	(1,121,371)
		1,628,427	1,586,739
Non-controlling interests		**121,587**	144,571
Total equity		**1,750,014**	1,731,310
TOTAL LIABILITIES AND EQUITY		**6,781,242**	6,888,075

Approved by the Board of Directors on 04-August-2016 and signed on its behalf by:

Chairman	Director	Managing Director & Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2016 (Unaudited)

	Note	*Six months ended 30 June* 2016 AED'000	2015 AED'000
OPERATING ACTIVITIES			
Profit for the period		**87,438**	14,623
Adjustments for:			
Depreciation		**2,282**	2,937
Share of results of associate		**(13,809)**	(10,796)
(Reversal) of impairment / impairment on other assets		**(630)**	243
Impairment / (reversal) of impairment on financing and investing assets		**30,352**	(34,581)
Amortisation of fair value adjustment on investment deposits		**57,569**	79,886
Other income		**-**	(2,514)
Distribution to financiers / investors		**64,755**	73,445
Income on deposits		**(3,099)**	(1,759)
Gain realised on sale of available-for-sale investments		**(2,100)**	-
Provision for employees' end of service benefit		**806**	657
		223,564	122,141
Operating profit before changes in operating assets and liabilities:			
Islamic financing and investing assets		**190,161**	562,435
Other assets		**(76,563)**	(232,903)
Other liabilities		**(52,132)**	301,923
Cash from operations		**285,030**	753,596
Employees' end of service benefit paid		**(272)**	(531)
Net cash generated from operating activities		**284,758**	753,065
INVESTING ACTIVITIES			
Dividend from associate		**16,461**	10,937
Proceeds from available-for-sale investments		**17,400**	-
Purchase of available-for-sale investments	5	**(570)**	-
Decrease / (increase) in properties under development		**120,868**	(12,149)
Movement in restricted cash		**(94,566)**	(67,271)
Proceeds from wakala deposits		**-**	340,000
Placement of wakala deposits		**-**	(340,000)
Purchase of furniture, fixtures and office equipment		**(5,448)**	(2,461)
Income on deposits		**3,099**	1,759
Net cash generated from investing activities		**57,244**	(69,185)
FINANCING ACTIVITIES			
Receipt of term Islamic financing		**3,683**	15,714
Payment to non-controlling interests		**(25,042)**	-
Investment deposits and other Islamic financing		**(199,946)**	(72,382)
Directors' fees paid		**(1,530)**	(5,190)
Net cash used in financing activities		**(222,835)**	(61,858)
INCREASE IN CASH AND CASH EQUIVALENTS		**119,167**	622,022
Foreign currency translation reserve		**(7,065)**	(3,399)
Cash and cash equivalents at the beginning of the period		**503,112**	292,095
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**615,214**	910,718

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2016 (Unaudited)

	Attributable to the equity holders of the parent												
	Share capital AED'000	*Employee stock option plan shares AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Special reserve AED'000*	*Mudaraba Instrument AED'000*	*Mudaraba Instrument reserve AED'000*	*Cumulative changes in fair value AED'000*	*Foreign currency translation reserve AED'000*	*Accumulated losses AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
At 1 January 2016	1,500,000	(93,048)	117,690	117,690	99,265	231,128	868,947	4,163	(137,725)	(1,121,371)	1,586,739	144,571	1,731,310
Profit for the period	-	-	-	-	-	-	-	-	-	85,380	85,380	2,058	87,438
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(40,062)	-	(40,062)	-	(40,062)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(40,062)	85,380	45,318	2,058	47,376
Other comprehensive income reclassed to profit or loss	-	-	-	-	-	-	-	(2,100)	-	-	(2,100)	-	(2,100)
Funds paid to project owner *	-	-	-	-	-	-	-	-	-	-	-	(25,042)	(25,042)
Directors' fee paid	-	-	-	-	-	-	-	-	-	(1,530)	(1,530)	-	(1,530)
At 30 June 2016	**1,500,000**	**(93,048)**	**117,690**	**117,690**	**99,265**	**231,128**	**868,947**	**2,063**	**(177,787)**	**(1,037,521)**	**1,628,427**	**121,587**	**1,750,014**

* Funds paid to project owner represent capital redemption towards their share in the Sky Gardens project.

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the period ended 30 June 2016 (Unaudited)

	Attributable to the equity holders of the parent											*Non-controlling interests*	*Total equity*
	Share capital AED'000	*Employee stock option plan shares AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Special reserve AED'000*	*Mudaraba Instrument AED'000*	*Mudaraba Instrument reserve AED'000*	*Cumulative changes in fair value AED'000*	*Foreign currency translation reserve AED'000*	*Accumulated losses AED'000*	*Total AED'000*	*AED'000*	*AED'000*
At 1 January 2015	1,500,000	(93,048)	117,158	117,158	99,265	273,133	1,026,867	2,533	(106,447)	(1,237,046)	1,699,573	140,323	1,839,896
Profit for the period	-	-	-	-	-	-	-	-	-	10,894	10,894	3,729	14,623
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(24,435)	-	(24,435)	-	(24,435)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(24,435)	10,894	(13,541)	3,729	(9,812)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(5,190)	(5,190)	-	(5,190)
At 30 June 2015	1,500,000	(93,048)	117,158	117,158	99,265	273,133	1,026,867	2,533	(130,882)	(1,231,342)	1,680,842	144,052	1,824,894

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

1 ACTIVITIES

Amlak Finance PJSC (the 'Company') was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a private shareholding company in accordance with UAE Federal Law No (8) of 1984, as amended. At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No. 8 of 1984.

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. The activities of the Company are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association.

The registered address of the Company is P.O. Box 2441, Dubai, United Arab Emirates.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Amlak Finance PJSC and its subsidiaries (the "Group") are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2015 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2016. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the Group during the current period.

The interim condensed consolidated financial statements do not include all the information or disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015. In addition, results for the period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

The consolidated financial statements have been presented in UAE Dirhams (AED) and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

2.2 NEW STANDARDS, INTERPRETATION AND AMENDMENTS

IASB Standards and Interpretations issued but not yet effective
In the current period, the Group has not adopted any new accounting standards or interpretations that have been issued but are not yet effective.

3 BASIC AND DILUTED (LOSS)/PROFIT PER SHARE

	Three months ended 30 June		*Six months ended 30 June*	
	2016	*2015*	***2016***	*2015*
(Loss) / profit for the period attributable to equity holders of the parent net of Directors' fee (AED'000)	**(38,210)**	2,203	**83,850**	5,704
Weighted average number of shares for basic EPS (in thousands)	**1,475,000**	1,475,000	**1,475,000**	1,475,000
Effect of dilution:				
Mudaraba Instrument	**1,647,225**	1,956,000	**1,647,225**	1,956,000
Weighted average number of ordinary shares adjusted for the effect of dilution	**3,122,225**	3,431,000	**3,122,225**	3,431,000
Attributable to equity holders of the Parent:				
Basic (loss) / profit per share (AED)	**(0.026)**	0.001	**0.057**	0.004
Diluted (loss) / profit per share (AED)	**(0.012)**	0.001	**0.027**	0.002

The basic and diluted weighted average numbers of shares were reduced by the purchase of own shares for the proposed employee stock option plan during the year 2008.

4 CASH AND BALANCES WITH BANKS

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
Cash on hand	**101**	101
Balances with banks	**611,044**	495,137
Deposits with banks	**201,963**	111,202
Cash and balances with banks	**813,108**	606,440
Less: Deposits maturing after 1 year	**(35,000)**	(35,000)
Restricted cash	**(162,894)**	(68,328)
Cash and cash equivalents	**615,214**	503,112

Deposits maturing after one year represent AED 35 million (31 December 2015: AED 35 million) deposited with a local bank under lien to the Central Bank of UAE in accordance with Central Bank regulations for licensing.

At period end, the Group reported AED 163 million (31 December 2015: AED 68 million) of restricted cash. This represents the Group's share of the cash held and controlled by a joint venture (Note 8).

With effect from the date of restructuring, the Company and certain of its subsidiaries registered in UAE have pledged their bank accounts in favour of the security agent.

5 AVAILABLE FOR SALE INVESTMENTS

	UAE		*International*		*Total*	
	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*	***30 June 2016 AED'000 (Unaudited)***	*31 December 2015 AED'000 (Audited)*	***30 June 2016 AED'000 (Unaudited)***	*31 December 2015 AED'000 (Audited)*
Equities and Funds	**-**	17,400	**8,584**	8,129	**8,584**	25,529

30 June 2016 *(Unaudited)*

		Investments carried at fair value		
	Total AED'000	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***
Equities	**8,584**	**-**	**-**	**8,584**
Funds	**-**	**-**	**-**	**-**
	8,584	**-**	**-**	**8,584**

31 December 2015 *(Audited)*

		Investments carried at fair value		
	Total AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
Equities	8,129	-	-	8,129
Funds	17,400	-	17,400	-
	25,529	-	17,400	8,129

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior periods.

The following shows reconciliation from the opening balances to the closing balances for level 3 fair values:

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
Balance at 1 January	**8,129**	8,945
Net change in fair values	**-**	(770)
Addition during the period / year	**570**	-
Exchange difference	**(115)**	(46)
	8,584	8,129

The level 3 fair value above is determined based on the net asset value of the underlying entity and consequently no sensitivity analysis to variation in assumptions is provided.

6 ADVANCES FOR INVESTMENT PROPERTIES

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
At 1 January	**322,818**	312,036
Fair value gain on advances for investment properties	**-**	10,782
	322,818	322,818

This represents the advances paid by the Group towards the acquisition of certain units in under-development real estate projects in Dubai. The Group is in discussions with certain developers to renegotiate contracts, the outcome of which management believes will have no impact on the carrying value of advances for investment properties at period end. The Group has not yet obtained title to the properties and is committed to pay an additional AED 23 million (31 December 2015: AED 23 million) in accordance with the agreement with the seller of real estate projects.

These advances are carried at fair value. At 31 December 2015, the fair values of the advances for investment properties are based on valuations performed at year end by independent professionally qualified valuers who hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the properties valued. The valuation model used is in accordance with that recommended by the Royal Institute of Chartered Surveyors. Management performs a high level estimation of the fair valuation of the advances from investment properties at each quarter end and at 30 June 2016. This assessment indicates there is no significant variation from the year ended 31 December 2015 fair valuations.

Advances for investment properties are categorised in Level 2 for fair value measurement as they have been derived using the comparable price approach based on comparable transactions for similar property. Sales prices of comparable properties in close proximity are adjusted for differences in the key attributes such as property size and location. The most significant input into this valuation approach is the estimated price per square foot for each given location. There were no transfers into or out of the level 2 category during the period.

Significant increases / (decreases) in comparable market value in isolation would result in a significantly higher / (lower) fair value of the properties.

Advances for investment properties include AED 30 million under Istisna with a financial institution carried at cost as there is significant uncertainty over whether the project will be completed by the developer. The associated liability of AED 39 million (31 December 2015: AED 39 million) is also recorded in the financial statements. Under the terms of the Istisna, the Group has no obligation to repay the Istisna finance of the asset until construction is completed.

7 INVESTMENT PROPERTIES

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
At 1 January	**1,701,920**	1,489,968
Addition during the period / year	**28,704**	183,007
Fair value gain on investment properties	**-**	55,805
Foreign exchange fluctuation	**(32,882)**	(26,860)
	1,697,742	1,701,920

Investment properties consist of land, villas and units in buildings held for lease or capital appreciation. In accordance with its accounting policy, the Group carries investment properties at fair value.

7 INVESTMENT PROPERTIES (continued)

At 31 December 2015, the fair values of the properties are based on valuations performed at year end by independent professionally qualified valuers who hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the investment properties valued. The valuation model used is in accordance with that recommended by the Royal Institute of Chartered Surveyors. Management performs a high level estimation of the fair valuation of the investment properties at each quarter end and at 30 June 2016. This assessment indicates there is no significant variation from the year ended 31 December 2015 fair valuations.

Investment properties as at 30 June 2016 include a plot of land and two residential units in Egypt owned by one of the Group's subsidiaries amounting to AED 242 million (31 December 2015: AED 275 million). All other investment properties are located within the UAE.

Investment properties are categorised in Level 2 for fair value measurement as they have been derived using the comparable price approach based on comparable transactions for similar properties. Sales prices of comparable properties in close proximity are adjusted for differences in the key attributes such as property size and location. The most significant input into this valuation approach is the estimated price per square foot for each given location. There were no transfers into or out of the level 2 category during the period.

Significant increases / (decreases) in comparable market value in isolation would result in a significantly higher / (lower) fair value of the properties.

As at 30 June 2016, investment properties having fair value of AED 850 million (31 December 2015: AED 850 million) are mortgaged / assigned in favour of the security agent as part of the restructuring.

	30 June 2016 AED'000 (Unaudited)	*30 June 2015 AED'000 (Unaudited)*
Rental income derived from investment properties	**27,112**	20,973
Direct operating expenses (including repairs and maintenance) generating rental income	**(8,990)**	(2,843)
Profit arising from investment properties carried at fair value	**18,122**	18,130

8 PROPERTIES UNDER DEVELOPMENT

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
At 1 January	**386,418**	363,281
Cost of sale of real estate	**(141,238)**	(33,447)
Additions for construction costs incurred	**20,370**	56,584
	265,550	386,418

On 1 October 2014, the Group entered into a joint venture agreement with another party to develop a jointly owned plot of land in Nad Al Hammar. Amlak Finance PJSC acquired a 50% interest in Al Warqa Gardens LLC, a jointly controlled entity to develop a jointly owned plot of land in Nad Al Hammar. The Group has a 50% share in the assets, liabilities, revenue and expenses of the joint venture and accordingly under IFRS 11 it is deemed to be a jointly controlled operation. As the land is under development with a view to disposal in the market, it has been treated as property under development with an initial cost equal to its fair value at the time of transfer from investment property portfolio of AED 330 million. Subsequent expenditure to develop the land for resale is included in the cost of property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The group's share of this restricted cash balance at 30 June 2016 is AED 163 million (2015: AED 68 million).

The joint venture has entered into agreements to sell a number of sub-divided plots of the Nad Al Hammar land. Applying the requirements of IFRS 15, the joint venture has identified two separate performance obligations within these agreements being to transfer control of land and to provide infrastructure to the plots.

8 PROPERTIES UNDER DEVELOPMENT (continued)

The revenue assigned to the sale of land is recorded at the time of transfer of the control of the land and the revenue relating to the building of infrastructure is recorded over the period of construction of the infrastructure on the basis that the joint venture has an enforceable right to payment for performance completed to date. The contracted revenue has been allocated between the two separate obligations on the basis of their respective fair values.

As at 30 June 2016, properties under development are assigned as security in favour of the security agent as part of the restructuring.

The following items represent the Group's interest in the assets, liabilities, revenue and expenses of the joint operation after elimination of intercompany transactions:

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
Properties under development	**265,550**	386,418
Cash and balances with banks	**162,894**	68,328
Other assets - receivables	**91,572**	65
Deferred income and other liabilities	**(2,356)**	(92,010)
Net Assets	**517,660**	362,801

	30 June 2016 AED'000 (Unaudited)	*30 June 2015 AED'000 (Unaudited)*
Revenue	**311,742**	20,802
Cost of sale of real estate	**(141,238)**	(9,811)
Operating expenses	**(16,629)**	(3,995)
Income on deposits	**984**	-
Profit for the period	**154,859**	6,996

Revenue for the period comprises AED 266 million (30 June 2015: AED nil) following satisfaction of transfer of control of land performance obligations and AED 46 million (30 June 2015: AED 21 million) against ongoing satisfaction against infrastructure development performance obligations. Receivable amounts due under the respective sale agreements on which land transfer revenue has been recognised are due for settlement to the joint venture within 12 months of the reporting date.

9 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING

	Profit rate	***30 June 2016 AED'000 (Unaudited)***	*31 December 2015 AED'000 (Audited)*
Murabaha	2%	**233,710**	238,124
Wakala	4%	**213,958**	228,222
Others	4%	**490,417**	523,111
Purchase price payable	2%	**4,524,462**	4,609,909
		5,462,547	5,599,366
Amortised fair value adjustment (note 9.1)		**(696,565)**	(754,134)
		4,765,982	4,845,232

The payment obligations are secured under the restructuring assignments and pledges as detailed in notes 4, 7 and 8.

9 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING (continued)

9.1 Amortised fair value adjustment

	30 June 2016 AED'000 (Unaudited)	*31 December 2015 AED'000 (Audited)*
At 1 January	**754,134**	886,318
Amortisation charged for the period / year	**(57,569)**	(132,184)
	696,565	754,134

The nature of the Company's deposits was significantly changed due to the restructuring undertaken in 2014, resulting in a fixed obligation to be paid to the Commercial Financiers and Liquidity Support Providers. The face value of the restructured fixed obligations at period end is AED 5,463 million (31 December 2015: 5,599 million). In accordance with IFRS, due to the substantial changes in the terms of the investment deposits through the restructuring, a fair valuation assessment of the restructured obligations was performed based on the net present value of the contracted cash flows. As at 25 November 2014, the restructured obligations were initially recognised at fair value in the statement of financial position giving rise to AED 911 million of fair value gain which was recorded in the consolidated statement of income.

The fair value adjustment was calculated using a discount rate of 5% based on management's market yield expectation adjusted for risks specific to the Group.

The obligations are subsequently to be measured at amortised cost using the effective finance rate method. Consequently, the gain on initial recognition recorded will fully reverse out over the repayment period of 12 years, with a resulting charge to the consolidated statement of income each year. The cumulative value of fair value gain amortised as at 30 June 2016 was AED 214 million giving a residual fair value gain to be amortised of AED 697 million as at 30 June 2016.

Under the terms of the Common Terms Agreement, the Group is required to distribute any cash surplus with the definition of surplus being defined in the terms of the agreement, based on an assessment of the cash position of the Group every 6 months. The first such assessment was performed in December 2014 and gave rise to a repayment of obligation to financiers of AED 944 million representing an advance payment of 22 future monthly scheduled installments. Under the cash sweep mechanism the second assessment was performed based on the cash position as at 30 June 2015 and consequently an advance payment of AED 558 million representing 13 future scheduled monthly installments till October 2017 was paid on 16 July 2015. The third assessment was performed based on the cash position as at 31 December 2015 and consequently an advance payment of AED 137 million representing 2 future scheduled monthly installments till December 2017 was paid on 25 January 2016. The fourth assessment was performed based on the cash position as at 30 June 2016 and consequently an advance payment of AED 137 million representing 2 future scheduled monthly installments till February 2018 was paid on 25 July 2016.

10 SEGMENTAL INFORMATION

For management purposes, the Group is organised into three business segments, real estate finance (comprising of financing and investing activities), real estate investment (comprising of property transactions), corporate investment and others (comprising of corporate finance investment, treasury and other central functions).

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and assessment of performance.

Operating segments:
The Group's revenues and expenses for each segment the six months period ended 30 June are as follows:

30 June 2016 (unaudited):

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investment & Others AED'000*	*Total AED'000*
Operating income	**115,600**	**327,695**	**8,288**	**451,583**
Distribution to financiers/investors	**(44,206)**	**(17,460)**	**(3,089)**	**(64,755)**
Amortisation of initial fair value gain	**(57,569)**	-	-	**(57,569)**
Reversal / (allowances) for impairment	**(27,382)**	**(2,072)**	**(268)**	**(29,722)**
Cost of sale of real estate	-	**(141,238)**	-	**(141,238)**
Expenses (including allocated expenses)	**(54,060)**	**(25,262)**	**(5,348)**	**(84,670)**
Share of results of associates	-	-	**13,809**	**13,809**
Segment results	**(67,617)**	**141,663**	**13,392**	**87,438**
Non-controlling interests				**(2,058)**
				85,380

30 June 2015 (unaudited):

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investment & Others AED'000*	*Total AED'000*
Operating income	159,703	34,895	9,361	203,959
Distribution to financiers/investors	(51,104)	(20,155)	(2,186)	(73,445)
Amortisation of initial fair value gain	(79,886)	-	-	(79,886)
Reversal / (allowances) for impairment	33,859	520	(41)	34,338
Cost of sale of real estate	-	(9,811)	-	(9,811)
Expenses (including allocated expenses)	(56,924)	(10,221)	(4,183)	(71,328)
Share of results of associates	-	-	10,796	10,796
Segment results	5,648	(4,772)	13,747	14,623
Non-controlling interests				(3,729)
				10,894

10 SEGMENTAL INFORMATION (continued)

Segment assets and liabilities:

The following table presents segment assets and liabilities of the Group as at 30 June 2016 and 31 December 2015:

30 June 2016 (Unaudited):

	Real Estate Finance AED'000	***Real Estate Investment AED'000***	***Corporate Finance Investment & Others AED'000***	***Total AED'000***
Segment assets	**4,357,899**	**1,749,474**	**673,869**	**6,781,242**
Segment liabilities	**2,978,279**	**1,409,307**	**643,642**	**5,031,228**

31 December 2015 *(Audited):*

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investment & Others AED'000*	*Total AED'000*
Segment assets	4,460,152	1,697,743	730,180	6,888,075
Segment liabilities	2,981,908	1,474,197	700,660	5,156,765

Corporate Finance Investment and others includes investment properties in Egypt held by "Amlak Finance and Real Estate Investment Company S.A.E" with a carrying value AED 242 million (31 December 2015: AED 275 million).

11 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

30 June 2016 (Unaudited):

	Associated companies AED'000	***Major shareholders AED'000***	***Directors and senior management AED'000***	***Other related parties AED'000***	***Total AED'000***
Cash and bank balances	-	-	-	**16,017**	**16,017**
Islamic financing and investing assets	-	-	**18,638**	**14,452**	**33,090**
Available-for-sale investments	-	-	-	**7,649**	**7,649**
Investment deposits	-	**132,728**	-	**1,062,144**	**1,194,872**
Other assets	-	-	-	**703**	**703**
Other liabilities	-	**52**	-	**2,326**	**2,378**

31 December 2015 (Audited):

	Associated companies AED'000	*Major shareholders AED'000*	*Directors and senior management AED'000*	*Other related parties AED'000*	*Total AED'000*
Cash and bank balances	-	-	-	10,103	10,103
Islamic financing and investing assets	-	-	19,078	15,626	34,704
Available-for-sale investments	-	-	-	7,649	7,649
Investment deposits	-	135,234	-	1,082,203	1,217,437
Other assets	-	-	-	703	703
Other liabilities	-	53	-	2,343	2,396

11 RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties included in the statement of income are as follows:

30 June 2016 (Unaudited)

	Associated companies AED'000	***Major shareholders AED'000***	***Directors and senior management AED'000***	***Other related parties AED'000***	***Total AED'000***
Income from Islamic financing and investing assets	-	-	**300**	**378**	**678**
Distribution to depositors	-	**(1,124)**	-	**(8,996)**	**(10,120)**

30 June 2015 (Unaudited)

	Associated companies AED'000	*Major shareholders AED'000*	*Directors and senior management AED'000*	*Other related parties AED'000*	*Total AED'000*
Income from Islamic financing and investing assets	-	-	367	463	830
Distribution to financiers	-	(1,429)	-	(11,940)	(13,369)

Compensation of key management personnel

The compensation paid to key management personnel of the Group is as follows:

	30 June 2016 AED'000 (Unaudited)	*30 June 2015 AED'000 (Unaudited)*
Salaries and other benefits	**9,827**	10,689
Employee terminal benefits	-	1,039
	9,827	11,728

12 COMMITMENTS AND CONTINGENCIES

Commitments

	Notes	***30 June 2016 AED'000 (Unaudited)***	*31 December 2015 AED'000 (Audited)*
Irrevocable commitments to advance financing	12.1	**251,355**	256,762
Commitments for investment properties	12.2	**23,251**	23,251
Commitments against capital expenditure	12.3	**2,006**	5,567
Commitments against properties under development	12.4	**33,189**	33,672
		309,801	319,252

12.1 Credit-related commitments include commitments to extend facilities designed to meet the requirements of the Group's customers. Commitments generally have fixed expiration dates, or other termination clauses, and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

12.2 This represents commitments to property developers or sellers in respect of property purchases.

12.3 This represents commitment towards implementation of new IT projects.

12.4 Estimated capital expenditure pertaining to development of real estate, contracted but not provided for.

12 COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

a) The Group is engaged in certain litigation proceedings in the United Arab Emirates, involving claims by and against it, mainly in respect of certain sale and financing transactions. The Group is defending these cases and based on legal counsel advice received, management believes it is less than probable that such actions taken by counter parties would succeed, except for cases against which a provision of AED 11 million has been made in the prior year.

b) As at 30 June 2016 the Group had a contingent liability for proposed Directors' remuneration of AED Nil million (31 December 2015: AED 7.86 million). Directors' remuneration, which is governed by UAE Federal Law No (2) of 2015, of AED 1.53 million was approved at Annual General Meeting on 26 April 2016 and was paid during the quarter ended 30 June 2016.

13 RECLASSIFICATION

Certain prior year figures are reclassified to make current period presentation in line with most recent audited financial statements for the year ended 31 December 2015.

14 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity analysis of assets, liabilities and off balance sheet items is analysed according to when they are expected to be recovered, settled or sold. The values presented in this table include the impact of fair value adjustment as per the statement of financial position and excludes profit not yet due at period end. The table also excludes the potential impact of any cash distribution requirements triggered by the cash sweep mechanism under the terms of the Common Terms Agreement.

At 30 June 2016 (Unaudited)	*Up to 1 year*							
	Less than 3 months AED'000	*3 months to 6 months AED'000*	*6 months to 1 year AED'000*	*Total up to 1 year AED'000*	*1 year to 5 years AED'000*	*Over 5 years AED'000*	*Items with no maturity AED'000*	*Total AED'000*
Assets								
Cash and balances with banks	611,104	4,110	-	615,214	162,894	-	35,000	813,108
Islamic financing and investing assets	215,794	46,690	96,121	358,605	978,082	1,873,809	-	3,210,496
Available-for-sale investments	-	-	-	-	-	-	8,584	8,584
Advance for investment properties	-	-	-	-	30,036	292,782	-	322,818
Investment properties	-	-	-	-	242,109	1,455,633	-	1,697,742
Properties under development	-	-		-	265,550	-	-	265,550
Investments in associate	-	-	-	-	-	-	279,444	279,444
Other assets	47,969	1,556	25,134	74,659	91,507	-	-	166,166
Furniture, fixture and office equipment	-	-	-	-	-	-	17,334	17,334
Total assets	**874,867**	**52,356**	**121,255**	**1,048,478**	**1,770,178**	**3,622,224**	**340,362**	**6,781,242**
Liabilities								
Investment deposits and other Islamic financing	-	-	-	-	2,091,267	2,674,715	-	4,765,982
Term Islamic financing	1,296	1,299	2,598	5,193	25,983	42,306	-	73,482
Employees' end of service benefits	-	-	-	-	-	-	6,826	6,826
Other liabilities	175,967	2,485	4,130	182,582	2,356	-	-	184,938
Total liabilities	**177,263**	**3,784**	**6,728**	**187,775**	**2,119,606**	**2,717,021**	**6,826**	**5,031,228**
Commitments	**246,121**	**5,695**	**1,545**	**253,361**	**56,440**	**-**	**-**	**309,801**
Net liquidity gap	**451,483**	**42,877**	**112,982**	**607,342**	**(405,868)**	**905,203**	**333,536**	**1,440,213**
Cumulative net liquidity gap	**451,483**	**494,360**	**607,342**	**607,342**	**201,474**	**1,106,677**	**1,440,213**	**1,440,213**

14 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

At 31 December 2015

	Up to 1 year							
	Less than 3 months AED'000	*3 months to 6 months AED'000*	*6 months to 1 year AED'000*	*Total up to 1 year AED'000*	*1 year to 5 years AED'000*	*Over 5 years AED'000*	*Items with no maturity AED'000*	*Total AED'000*
Assets								
Cash and balances with banks	503,112	-	-	503,112	68,328	-	35,000	606,440
Islamic financing and investing assets	239,452	51,693	105,853	396,998	1,031,245	2,031,470	-	3,459,713
Available-for-sale investments	-	-	-	-	-	-	25,529	25,529
Advance for Investment Properties	-	-	-	-	30,036	292,782	-	322,818
Investment Properties	-	-	-	-	275,108	1,426,812	-	1,701,920
Properties under Development	-	-	-	-	386,418	-	-	386,418
Investments in associate	-	-	-	-	-	-	282,096	282,096
Other assets	61,484	2,851	24,638	88,973	-	-	-	88,973
Furniture, fixture and office equipment	-	-	-	-	-	-	14,168	14,168
Total assets	804,048	54,544	130,491	989,083	1,791,135	3,751,064	356,793	6,888,075
Liabilities								
Investment deposits and other Islamic financing	-	-	-	-	1,945,866	2,899,366	-	4,845,232
Term Islamic financing	1,191	1,191	2,381	4,763	62,373	2,663	-	69,799
Employees' end of service benefits	-	-	-	-	-	-	6,292	6,292
Other liabilities	133,806	2,053	7,573	143,432	92,010	-	-	235,442
Total liabilities	134,997	3,244	9,954	148,195	2,100,249	2,902,029	6,292	5,156,765
Commitments	235,247	1,637	6,566	243,450	75,802	-	-	319,252
Net liquidity gap	433,804	49,663	113,971	597,438	(384,916)	849,035	350,501	1,412,058
Cumulative net liquidity gap	433,804	483,467	597,438	597,438	212,522	1,061,557	1,412,058	1,412,058