AWTAD (P.J.S.C.)

PRIVATE JOINT STOCK COMPANY

DUBAI

UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

AWTAD (P.J.S.C.)
PRIVATE JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

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Independent Auditor's Report

101381210

To the Shareholders of
Awtad (P.J.S.C.)
Private Joint Stock company
Dubai
United Arab Emirates.

Report on the Financial Statement
We have audited the accompanying financial statements of **Awtad (P.J.S.C.)**, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of **Awtad (P.J.S.C.)**, as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

As required by UAE Federal Law No. 2 of 2015 we report that:

1. We have obtained all the information and explanation we considered necessary for our audit.
2. The financial statements comply, in all material respect with the applicable provisions of UAE Federal Law No. 2 of 2015 and the Articles of Association of the Company.
3. The financial information of the Director's report are in agreement with the books of account and records of the Company.
4. The Company has maintained proper books of accounts.
5. Transactions and terms with related parties disclosed in Note. 6
6. Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2015 any of the applicable provisions of UAE Federal Law No. 2 of 2015 or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year except for :

As stated in Note 10(b&c), The Company's capital was increased from AED. 10 Million to AED.150 Million without obtaining the approval of the concerned government authorities.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

Ali Hasan Shalabi
Licensed Auditor No. 34
27 April 2016

AWTAD (P.J.S.C.)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

EXHIBIT A

ASSETS	Note	2015 AED	2014 AED
Non-Current Assets			
Investment properties	5	**17,900,000**	17,900,000
Due from related parties	6	**29,459,851**	50,906,788
Projects under progress	7	**171,631,906**	149,679,473
Total Non-Current Assets		**218,991,757**	218,486,261
Current Assets			
Accounts receivable and others	8	**4,106,203**	129,604
Cash and cash equivalents	9	**13,827**	122,342
Total Current Assets		**4,120,030**	251,946
TOTAL ASSETS		**223,111,787**	218,738,207
EQUITY AND LIABILITIES			
Equity			
Capital	10	**150,000,000**	150,000,000
Reserves	11	**12,198,060**	11,813,254
Retained earnings		**42,568,867**	41,029,642
Total Equity – Exhibit C		**204,766,927**	202,842,896
Non-Current Liabilities			
Retentions payable		**1,846,118**	--
Due to a related party	6	--	14,893,996
Total Non-Current Liabilities		**1,846,118**	14,893,996
Current Liabilities			
Accounts payable and others	12	**16,498,742**	1,001,315
TOTAL EQUITY AND LIABILITIES		**223,111,787**	218,738,207

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Board member

Board member

AWTAD (P.J.S.C.)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

EXHIBIT B

	Note	2015 AED	2014 AED
Sales		--	7,500,000
Cost of sales		--	(7,500,000)
Gross profit		--	--
Other income	15	**2,101,887**	--
Fair value gain on investment properties		--	8,800,000
Selling expenses		--	(1,769,985)
Administrative expenses	16	**(177,856)**	(1,357,839)
Profit for the year - Exhibit D		**1,924,031**	5,672,176
Other comprehensive income		--	--
Total Comprehensive income for the year - Exhibit C		**1,924,031**	5,672,176
Earnings per share (AED per share)	17	**1.28**	3.78

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AWTAD (P.J.S.C.)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

EXHIBIT C

	Capital AED	Reserves AED	Retained earnings AED	Total AED
Balance at 1 January 2014	150,000,000	10,678,818	36,491,902	197,170,720
Total Comprehensive income for the year 31 December 2014 - Exhibit B	--	--	5,672,176	5,672,176
Transferred to Statutory reserve	--	567,218	(567,218)	--
Transferred to Voluntary reserve	--	567,218	(567,218)	--
Balance at 31 December 2014 - Exhibit A	**150,000,000**	**11,813,254**	**41,029,642**	**202,842,896**
Total Comprehensive income for the year 31 December 2015 - Exhibit B	--	--	**1,924,031**	**1,924,031**
Transferred to Statutory reserve	--	**192,403**	**(192,403)**	--
Transferred to Voluntary reserve	--	**192,403**	**(192,403)**	--
Balance at 31 December 2015 - Exhibit A	**150,000,000**	**12,198,060**	**42,568,867**	**204,766,927**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AWTAD (P.J.S.C.)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2015

EXHIBIT D

CASH FLOWS FROM OPERATING ACTIVITIES	2015 AED	2014 AED
Profit for the year - Exhibit B	**1,924,031**	5,672,176
Adjustments for :		
Fair value gain on investment properties	--	(8,800,000)
Operating Cash flows before Working Capital Changes	**1,924,031**	(3,127,824)
Decrease in due from related parties	**21,446,937**	24,548,000
(Increase)/decrease in accounts receivable and others	**(3,976,599)**	51,491,788
Increase in retentions payable	**1,846,118**	--
Decrease in due to related parties	**(14,893,996)**	(69,007,448)
Increase in accounts payable and others	**15,497,427**	881,859
Net Cash Provided by Operating Activities	**21,843,918**	4,786,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to projects under progress	**(21,952,433)**	(4,679,473)
Net Cash Used in Investing Activities	**(21,952,433)**	(4,679,473)
Net (decrease)/increase in cash and cash equivalents	**(108,515)**	106,902
Cash and cash equivalents at beginning of the year	**122,342**	15,440
Cash and Cash Equivalents at end of year - Note 9	**13,827**	122,342

THE ACCOMPANYING NOTES CONSTITUTE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

AWTAD (P.J.S.C.) - Dubai (referred to hereinafter as the "**Company**") is a private joint stock company operating in accordance to the ministerial decree No.90 for the year 2006 issued by the Minister of Economy on 18 February 2006.

The main activities of the Company are buying and selling of real estate.

The Company domiciled in Dubai City and its registered address is P.O. Box 22588, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) and comply with the applicable requirements of laws in the United Arab Emirates.

UAE Federal Law No. 2 of 2015 (Commercial Companies Law) was issued on 1 April 2015 and has come into effect from 1 July 2015 replacing the existing Federal Law No. 8 of 1984. The Companies have one year from effective date of the Commercial Companies Law to comply with transitional provisions therein.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost except for certain elements which has been measured on the basis of fair value.

These financial statements are presented in Arab Emirates Dirham (AED), which is the Company Functional Currency. Amounts presented in AED in these financial statements are rounded to the nearest Dirham.

2.3 Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make judgment, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under circumstance.

2. BASIS OF PREPARATION (CONTINUED)

2.3 Use of estimates and judgment (Continued)

Estimates and judgments with significant risk of material adjustment in the future year mainly comprise of the following.

Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily to its receivables. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. 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 recoverability of the cash flows.

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation experts using recognized valuation methods. These methods comprise the Residual Value Method and the Income Capitalization Method.

The Residual Value Method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, financing costs, etc.), targeted internal rate return and developer's risk and targeted profits. These estimates are based on local market conditions existing at the end of the reporting period.

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

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

Such estimates are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

Estimation of net realizable value for projects under progress

Properties held for resale and properties classified under projects under progress are stated at lower of cost or net realizable value (NRV). NRV is assessed with reference to sales prices, costs of completion and advances received and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Company having taken suitable external advice and in the light of recent market transaction, where available.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Projects under progress

Projects under progress consists of property being developed principally for sale and is stated at the lower of cost or net realizable value. Cost comprises all direct costs attributable to the design and construction of the property including staff costs. Net realizable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

3.2 Investment properties

Land and buildings owned by the Company for the purpose of generating rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes are classified as investment properties. Investment properties are initially measured at cost includes expenditures that are directly attributable to the acquisition of the investment properties.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in statement of comprehensive income.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in statement of comprehensive income when an investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income within "Other operating income" in the year of retirement or disposal.

Transfers are made to investment properties when only there is a change in use evidenced by ending of owner-occupation on commencement of an operating lease of significant portion of the property to another party. Transfers are made from investment properties when and only when there is a change in use based on the business model.

3.3 Financial assets

The Company initially recognizes financial assets on trade date at which the Group becomes a party to the contractual provisions of the instrument.

All financial assets are initially measured at fair value. Transaction costs that are directly attributable to the assets acquisition or origination except for those financial assets measured at fair value through profit or loss.

All financial assets are subsequently measured at their amortized cost or fair value depending in the classification of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 **Impairment of financial assets**

Financial assets that are measured at amortized cost are assessed for indicators of impairment at the end of each reporting period.

For financial assets carried at amortized cost the amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss in the statement of comprehensive income.

Financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of financial assets that can be reliably estimated.

Evidence of impairment may include indications that: the debtors or counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments the probability that they will enter bankruptcy or other financial reorganization.

3.5 **Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights of the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

3.6 **Accounts receivable**

Accounts receivable are stated at original invoice amount less a provision for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When a receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

3.7 **Cash and cash equivalents**

For the purposes of preparing statement of cash flows (Exhibit D) "cash and cash equivalents" comprise of cash in hand and unrestricted balance with the bank which are subject to an insignificant risk of changes in value.

3.8 **Financial liabilities**

Financial liabilities are recognized when the Company becomes a party to the contractual arrangement provision of the instrument.

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 **Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.10 **Accounts payable and accruals**

Accounts payable and accruals are recognized for amounts to be paid in the future for goods or services received, whether billed by supplier or not.

3.11 **Provisions**

Provisions are present obligations (legal or constructive) resulted from past events and are recognized when the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. Provisions are reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reversal of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

3.12 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated provisions.

Sale of properties
Revenue from the sale of properties shall be recognized when all of the following conditions have been satisfied :

- A sale is consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Company has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property; and
- Work to be completed is both easily measurable and accrued or is not significant in relation to the overall value of the contract.

Rendering of services
Revenue from rendering of services is recognized when the outcome of the transaction can be estimated reliably by reference to the stage of completion of the transaction at the statement of financial position date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 **Foreign currencies**

Assets and liabilities denominated in foreign currencies are expressed in Arab Emirates Dirhams (AED) at exchange rates prevailing at the statement of financial position date. Foreign currency transactions occurring during the year are converted into AED at exchange rates prevailing on the dates of these transactions. All foreign currency gains and losses are credited or charged to statement of comprehensive income as they arise.

3.14 **Contingent liabilities**

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the financial statements.

4. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective on the current financial statements.

The directors anticipate that all of the new and revised International Financial Reporting Standards (IFRSs) and Interpretations as applicable will be adopted in the Company's financial statements for the period commencing 1 January 2016 or as and when it is applicable.

5. INVESTMENT PROPERTIES

a) The details of movement in this item during the year is as follows :

	2015 AED	2014 AED
Fair value at 1 January	**17,900,000**	9,100,000
Increase in fair value	--	8,800,000
Fair value at 31 December - Exhibit A	**17,900,000**	17,900,000

b) Investment properties amounting to AED. 17,900,000 (2014 : AED. 17,900,000) mentioned above represent the fair value of two plots of land located in the Emirate of Dubai valued by an Independent Professional real estate surveyor as at the statement of financial position date.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company enters into various transactions with related parties. Related parties represent the shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. The prices and terms of these transactions are agreed with the Company's management.

- At the statement of financial position date, balances due from related parties are as follows :

	2015 AED	2014 AED
Mohamed Abdulla Juma Al Sari	--	47,517,570
Gulf General Investments Company P.S.C. - Dubai	**3,294,391**	3,389,218
Al Soor Investments LLC - Dubai	**26,165,460**	--
Total - Exhibit A	**29,459,851**	50,906,788

- At the statement of financial position date, balance due to related parties are as follows:

	2015 AED	2014 AED
Al Soor Investments LLC - Dubai	--	14,893,996
Total - Exhibit A	--	14,893,996

- The following are the details of significant related parties transactions :

	2015 AED	2014 AED
Sales	--	7,500,000
Expenses	--	1,294,953
Other income	**2,101,887**	--

7. PROJECTS UNDER PROGRESS

a) The details of movement in this item during the year is as follows :

	2015 AED	2014 AED
Balance at 1 January	**149,679,473**	152,500,000
Additions	**21,952,433**	4,679,473
Sales	--	(7,500,000)
Balance at 31 December - Exhibit A	**171,631,906**	149,679,473

b) Projects under progress of AED. 171,631,906 (2014 : AED. 149,679,473) mentioned above represent the amounts paid towards construction of real estate projects in the Emirate of Dubai.

8. ACCOUNTS RECEIVABLE AND OTHERS

This item consists of the following :

	2015 AED	2014 AED
Advances paid	**4,105,203**	--
Prepaid expenses	--	128,604
Refundable deposits	**1,000**	1,000
Total - Exhibit A	**4,106,203**	129,604

9. CASH AND CASH EQUIVALENTS

This item consists of the following :

	2015 AED	2014 AED
Bank balance - current account - **Exhibit A & D**	**13,827**	122,342

10. CAPITAL

a) This item consists of the following :

	2015 AED	2014 AED
Authorized Share Capital is 1,500,000 (2014 : 1,500,000) ordinary shares of AED. 100 each fully paid - Exhibit A	**150,000,000**	150,000,000

10. CAPITAL (CONTINUED)

b) According to the board of directors resolution during the period ended 30 June 2011, the Company's capital was increased from AED. 10 Million to AED. 300 Million without obtaining the approval of the concerned government authorities on this.

c) In the year 2014, the shareholders in their extraordinary meeting held on 24 April 2014 approved the following :

- To absorb the Accumulated losses of AED. 229,907,885 as at 31 December 2012 which resulted in reduction in the Company's share capital to AED. 70,092,115.
- In same extraordinary meeting the shareholders also approved to increase the Company's capital from AED. 79,907,885 to AED. 150,000,000 through transfer from shareholders current accounts.

The above transactions have been conducted without obtaining the approval of the concerned government authorities on this.

11. RESERVES

a) **Basis of Retained Reserves**

The Company's annual profit is distributed after deducting all administrative expenses and other related expenses as follows :

i) *STATUTORY RESERVE*

In accordance with Company's Articles of Association and U.A.E. Federal Law No. (2) of 2015 an amount equal to 10% of the yearly profit is to be transferred to a statutory reserve until such reserve balance reaches 50% of the Company's capital. Amounts retained in the statutory reserve account are not available for distribution except under the circumstances stipulated by the law.

ii) *VOLUNTARY RESERVE*

In accordance with company's Articles of Association, 10% of the yearly profit to be transferred to a voluntary reserve, until a decision from the ordinary general assembly meeting on a proposal by Board of Directors to stop such deduction or if such reserve reaches 50% of the company's paid-up capital.

c) The details of movement of this item during the year are as follows :

	Statutory reserve AED	Voluntary reserve AED	Total AED
Balance at 1 January 2014	5,339,409	5,339,409	10,678,818
Additions for the year	567,218	567,218	1,134,436
Balance at 31 December 2014 – Exhibit A	**5,906,627**	**5,906,627**	**11,813,254**
Additions for the year	**192,403**	**192,403**	**384,806**
Balance at 31 December 2015 – Exhibit A	**6,099,030**	**6,099,030**	**12,198,060**

12. ACCOUNTS PAYABLE AND OTHERS

This item consists of the following :

	2015 AED	2014 AED
Accounts payable	**16,478,742**	1,001,315
Accrued expenses	**20,000**	--
Total - Exhibit A	**16,498,742**	1,001,315

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents and accounts receivable and others and due from related parties. Financial liabilities consist of accounts payable and due to a related party.

The fair values of financial instruments are not materially different from their carrying values. The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

- Cash and cash equivalents, accounts receivable and others, due from related parties and accounts payable and due to a related party approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- Receivables are evaluated by the company based on parameters such as interest rates, specific country risk factors, and individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 31 December 2015, the carrying amounts of such receivables, net provisions, are not materially different from their fair values.
- Fair value of financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities.

14. RISK MANAGEMENT

Risk is inherited in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. Operational risks are an inevitable consequence of being in the business.

The Company is exposed to a variety of financial risks included : capital risk, market risk (foreign currency risk), credit risk and liquidity risk. It is also subject to operational risk.

The Company seeks to minimize the effects of these risks through internal reports which analyze the risk to achieve its risk management function and monitor risks and reviews policies implemented to mitigate risk exposures.

14. RISK MANAGEMENT (CONTINUED)

14.1 Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for others and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders return capital to shareholders, increase the capital or sell assets.

14.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rate will affect the Company's income or the value of its holdings of financial instruments, the objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The establishment maintains policies and procedures to manage the exchange rate risk exposure.

14.3 Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from accounts receivable and others, amounts due from related parties and cash and cash equivalents.

Accounts receivable
The Company has established a credit policy under which new customers are analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit limits are established for customers, which represent the maximum open amount without requiring further approval from the management, these limits are reviewed periodically.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. Accounts receivable are reviewed on an ongoing basis and provision made for doubtful debts and when required.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The loss allowance is determined based on historical date of payment statistics for similar financial assets.

Due from related parties
Amounts due from related parties is considered to be fully recoverable by management.

14. RISK MANAGEMENT (CONTINUED)

14.3 Credit risk (Continued)

Cash and cash equivalents
The Company's cash is placed with banks of repute. Management is confident that does not result in any credit risk to the Company as the banks are major banks operating in U.A.E

14.4 Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and the availability of financing through banking arrangements to ensure funds are available to meet its commitments for liabilities as they fall due.

The details of maturity dates of the Company's financial assets and financial liabilities are as follows :

As at 31 December 2015 :

	Less than three months	From 3 months to one year	1-5 years	Total
	AED	AED	AED	AED
Financial Assets				
Cash and cash equivalents	**13,827**	--	--	**13,827**
Accounts receivable and others	--	**1,000**	--	**1,000**
Due from a related party	--	--	**29,459,851**	**29,459,851**
Total	**13,827**	**1,000**	**29,459,851**	**29,474,678**
Financial Liabilities				
Accounts payable and others	**1,955,206**	**14,543,536**	--	**16,498,742**
Retentions payable	--	--	**1,846,118**	**1,846,118**
Total	**1,955,206**	**14,543,536**	**1,846,118**	**18,344,860**

As at 31 December 2014 :

	Less than three months	From 3 months to one year	1-5 years	Total
	AED	AED	AED	AED
Financial Assets				
Cash and cash equivalents	122,342	--	--	122,342
Accounts receivable and others	--	1,000	--	1,000
Due from a related party	--	--	50,906,788	50,906,788
Total	122,342	1,000	50,906,788	51,030,130
Financial Liabilities				
Accounts payable and others	--	1,001,315	--	1,001,315
Due to a related party	--	--	14,893,996	14,893,996
Total	--	1,001,315	14,893,996	15,895,311

15. OTHER INCOME

Other income of AED 2,101,887 (2014: AED. Nil) represents the consultancy fee charged on a related party for the services rendered on the sale of properties.

16. ADMINISTRATIVE EXPENSES

This item consists of the following :

	2015 AED	2014 AED
Staff salaries and wages	--	962,988
Water and electricity	--	25,200
Rent	**92,833**	135,019
Printing and stationery	--	11,400
Telephone and fax	--	19,200
Government expenses	**26,003**	16,680
Repairs and maintenance	--	25,620
Miscellaneous expenses	**59,020**	161,732
Total - Exhibit B	**177,856**	1,357,839

17. BASIC EARNINGS PER SHARE

This item consists of the following :

	2015	2014
Profit for the year attributable to equity holders (AED)	**1,924,031**	5,672,176
Weighted average number of shares (share)	**1,500,000**	1,500,000
Basic Earnings per share (AED) – Exhibit B	**1.28**	3.78

18. COMMITMENTS

Commitments of the Company as at financial position date towards construction obligation is AED. 126,615,549.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the board of directors on 27 April 2016.