ديار
DEYAAR

2014

www.deyaar.ae

ANNUAL REPORT 2014

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DEYAAR AT A GLANCE

Deyaar Development PJSC is a leading real-estate organisation in the region. Headquartered in Dubai, the company has grown significantly since its inception in 2002 to evolve into a complete one-stop real-estate solutions provider in property development, facilities management, and property management that also integrates the marketing and sales functions.

Deyaar's in-depth market intelligence, world-class services and unrivalled property management support for communities across diverse portfolios, have firmly consolidated its pioneering status in the region's real-estate landscape.

Deyaar currently boasts an inventory of two million square feet of residential, commercial and retail space for both sales and leasing. The company has completed more than 629 residential and commercial developments valued at over AED 600 million. Deyaar's Property Management division has expanded its portfolio to include over 20,000 commercial and residential units. Additionally, the Deyaar Facilities Management division oversees 18,000 property units across the UAE, offering end-to-end professional services.

The company complies with the Escrow legislation and relevant property laws in the UAE. Deyaar is registered with the Real Estate Regulatory Authority under reference number 15/07.

Strategic Leadership

Deyaar's principal strategy is to develop and sell residential and commercial properties with the aim of maximising investor returns and simultaneously providing comprehensive services and care to its customers and tenants. It additionally seeks to capitalise on its current project portfolio and the new projects to be developed to establish itself as a leading player in the real-estate sector in the region.

The company's in-house team of experts makes it easy for customers to secure support services. The company's goal is to deliver the most premium management services in the industry to customers in a seamless and convenient manner, and at the most affordable rates.

Deyaar has also put in place a series of strategic partnerships with leading UAE-based financial institutions to offer highly competitive home finance options to clients. These collaborations have helped customers to secure easier access to credit and enabled more people to experience home ownership.

Deyaar's vision for future expansion is strong with strategic goals to ensure that the company is acknowledged around the world for innovative design, matchless quality and supreme excellence. Such core fundamentals drive the company to continue building on the momentum that has been set to expand its reach in the country's real-estate market, while simultaneously build opportunities in high-growth markets around the world.

Four-fold approach to real-estate solutions

Property Development

Deyaar's mandate extends beyond that of a conventional real-estate developer and includes providing comprehensive, long-term solutions that truly enhance the value of its property investments. The company seeks to combine excellence with a vision to create top-quality natural living environments while placing customers at the core of its operations.

The company's current portfolio includes iconic residential and commercial developments across prime locations in Dubai, including Dubai Marina, Al Barsha, Dubai International Financial Centre, Jumeirah Lake Towers, International Media Production Zone, Dubai Silicon Oasis and TECOM Investments.

Property Management

Deyaar's property and asset management division offers customers a wide range of dedicated services such as property inspections and appraisals for landlords, management of tenancy contracts and payments, as well as other legal and administrative services that are available round-the-clock for the upkeep of the building.

The property management team endeavours to enhance the customer's overall experience and increase the value of the property by ensuring high occupancy while improving a building's perception and lifecycle. The division has established a single point of contact to address all landlord requests and facilitate smoother communication, faster response and reduced overall cost.

Deyaar's property management services include:

- Property inspections and appraisals
- Management of tenancy contracts
- Follow-ups on payments, collections and renewals
- Complete documentation and legal assistance
- Marketing management and operational assistance
- Overall building management
- Handling of other statutory requirements

Facilities Management

Complementing the property management division, Deyaar's Facilities Management division makes it easy for customers to secure reliable support services that ensure limitless comfort and convenience.

Well-equipped to address all Facilities Management related issues, the company's in-house experts deliver the highest quality services including, but not limited to:

- General, preventive and emergency maintenance
- Security system, fire alarm and fire-fighting system
- HVAC, electrical, plumbing and lift system
- Carpentry and masonry works
- Pest control and waste management
- Swimming pool, gardening and landscaping

Owners' Association Management

Deyaar Owners' Association Management (DOAM) is mandated to ensure the well-being of communities by serving them as a valued management partner. DOAM also aims to protect and enhance the value of assets within managed communities through professional administration, diligent contract supervision and cost control.

DOAM currently manages a portfolio of 3,500 units across 15 communities, and oversees all technical, environmental, security, financial, administrative and customer service tasks.

Offering high standards of professional services, the DOAM team is certified by the US-based Community Associations Institute, while certain key team members hold accreditations extended by the Real Estate Regulatory Authority (RERA). The highly-skilled personnel hold prestigious credentials awarded by the internationally-recognised Certified Manager of Associations certification program.

The DOAM's wide array of unrivalled quality management services is not limited to Deyaar properties alone. Community associations in non-Deyaar developments can also benefit from the effective and efficient services as stipulated under the terms of contract. In extending its scope, DOAM seeks to ensure more communities benefit from its unmatched standard of service.

Some of the key focus areas of the Deyaar Owners' Association Management are general management, financial management and corporate services that include legal, book-keeping, procurement and customer care facilities to communities.

CHAIRMAN´S MESSAGE

Abdullah Ali Al Hamli
Chairman

Deyaar is led by its Chairman Abdullah Ali Al Hamli. Al Hamli is mandated to oversee the efficient and responsible functioning of the Board of Directors as part of his responsibility to protect the rights of shareholders. He is also in charge of overseeing issues discussed with the executive management and ensuring the outcomes are actioned with transparency and in a timely manner.

A widely respected professional, Al Hamli has been associated with Dubai Islamic Bank (DIB) for the past decade. He is currently the Managing Director and board member at DIB.

Al Hamli has earlier held senior executive positions at leading public and private sector organizations in Dubai, including the Dubai Ports Authority and Jebel Ali Free Zone as Director of Information Systems for more than 10 years.

Mr. Al Hamli holds a B.Sc. in Economics and Mathematics from Al Ain University, UAE. He has also participated in international professional development programs on operating systems and database management, as well as the design and development of commercial business applications within leading educational institutions worldwide.

Mr. Al Hamli was a member of Deyaar's Board of Directors prior to his appointment as Chairman in July 2009.

LETTER FROM THE CHAIRMAN

Dear shareholders,

In 2014, Deyaar's main growth areas were not merely quantitative, but rather qualitative as well. We are proud to share that we are focused on understanding consumer preferences and creating value for consumers and shareholders by diversifying our business.

The UAE's visionary leader and founding father, the late Sheikh Zayed Bin Sultan Al Nahyan famously said: "We must not rely on oil alone as the main source of our national income. We have to diversify the sources of our revenue and construct economic projects that will ensure a free, stable and dignified life for the people."

Today, the government is committed to investing in economic diversification projects that reduce the country's long term dependency on hydrocarbons. The UAE is currently actively involved in projects focusing on physical and social infrastructure. The national economy now depends on diverse sectors, including real estate, as engines of growth.

Real estate developers are looking at catering to all sectors of the market and not just the high end spectrum. Market demands are changing rapidly and firms are expanding their services to meet these demands.

At Deyaar, we recognize that change is the only constant. Our core focus is to enhance value for our customers and safeguard shareholders' trust. Diversification is a key component of our overall strategy and has helped enrich our capabilities in the real estate sector beyond commercial and residential properties. The strategy's success was validated with Deyaar's profits registering an increase of 82% in 2014, compared to year 2013.
In 2014, Deyaar also implemented a business plan to diversify our capabilities in the real estate sector. To achieve this priority, we expanded our development portfolio beyond commercial and residential properties, through marking a foray into hospitality projects.

We have always aimed at achieving the right mix, and Deyaar's latest developments reflect the market's increasing demand for upscale residential and well-appointed serviced apartments in Dubai.

Deyaar's successful decision to enter hospitality segment through our projects 'The Atria' and 'Montrose' was a direct response to Dubai's call for greater investment in developing realty solutions to serve the UAE's rising tourist footfall.

The company's tactical approach of venturing into this sector is particularly relevant given Dubai's projection of attracting more than 20 million visitors during Expo 2020. Moving forward, we are focusing on implementing a change in strategy with a greater thrust in making housing affordable for customers, both in the high & mid-income group.

In 2014, Deyaar unveiled the masterplan of its 5.5 million sq feet (build up) upscale development 'Midtown by Deyaar'. The announcement was made at Cityscape Global 2014 in Dubai. Midtown will continue Deyaar's tradition of quality projects taking design-led luxury living to a new level in the region. The project will create a distinctive 'cultural' ambience that enriches the lifestyle of its occupants.

The development will take shape in a strategic location in Dubai and will be 10 minutes away from Al Maktoum International Airport and 15 minutes from the city center.

Going forward, in 2015, we hope to build the momentum we have achieved in the previous year and embark on newer venues and opportunities. With a resurgent real estate market and optimistic trends across different economic sectors, we are confident that Deyaar is well on course to notching up another stellar year of accomplishments through meeting our customers' ever changing demands.

Abdullah Al Hamli
Chairman
Deyaar Development PJSC

Dr. Adnan Chilwan
Member

Mr. Saif Al Khatri
Member

Mr. Obaid Lootah
Member

Mr. Abdullah Ebrahim Lootah
Vice Chairman

Mr. Abdullah Ali Al Hamli
Chairman

Mr. Saif Al Yarabi
Member

Mr. Khalifa Suhail Juma Al Zaffin
Member

Mr. Mohamed Al Sharif
Member

Mr. Mohamed Al Nahdi
Member

BOARD OF DIRECTORS

The directors submit their report together with the audited consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31st December 2014.

Principal Activities

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, brokering, facility and property management services.

Financial Results

Revenue of the Group for the year 2014 is AED 1,045 million (2013: AED 722 million) and net profit amounted to AED 282 million (2013: AED 155 million).

Auditors

The financial statements for the year ended 31st December 2014 have been audited by M/s. KPMG, who were appointed as auditors of the Group at the Annual General Meeting held on 10th March 2014.

On behalf of the Board

Abdullah Ali Obaid Al Hamili
Chairman
26th January 2015

CEO'S MESSAGE

LETTER FROM THE CEO

Dear shareholders,

2014 was a year of positive growth and development as Deyaar tested new waters in terms of market avenues, target clientele and potential opportunities in the real-estate sphere. In 2014, Dubai witnessed resurgence in the real estate sector. This growth was reflected in the company's performance, and we remained committed to our mission to hold a prime position as a leading UAE property solutions provider and developer.

As we progress into 2015, our country is leading several ambitious initiatives that incorporate sustainability, innovation and entrepreneurship. From Dubai's Tourism Vision 2021 to the recently launched National Innovation Strategy, each of these initiatives plays a motivational role in driving change and impacting upcoming local and regional mega-events. Such events open up numerous challenges and opportunities for real estate and infrastructure development. As a leading player in the space, Deyaar has been able to leverage its strengths to meet the challenges and benefit from the opportunities with the ultimate goal of fulfilling consumer demands.

Deyaar has registered positive growth numbers in its 2014 annual report. We achieved a consolidated net profit of AED 281.85 million during the year, up from AED 154.5 million registered in 2013. The company also enjoyed gross revenue of AED 1045.34 million in 2014, a 45% increase from the AED 722.06 million achieved in 2013. Last year Deyaar witnessed the acquisition of Land parcels for development and the completion of ongoing projects, including the iconic mixed-use 'Central Park' development at DIFC. The liquidity position is strong along with funding lines from banks, both a project and corporate level. This puts Deyaar at a position to enhance the businesses growth at opportune time.

Change is our new strategy in 2015. We are working to meet the growing demands for housing and making it affordable across customer segments. We are also making greater inroads into the hospitality market where our projects 'The Atria' hotel apartments and 'Montrose' have experienced significant success. Deyaar's decision to enter this segment was a direct response to Dubai's call for greater investment in developing realty solutions to serve the UAE's rising tourist footfall.

The UAE's urban population is expected to grow at an average annual rate of 2.3 percent between 2010 and 2020, by which time Dubai is projected to welcome 25 million visitors. These developments will, no doubt, put tremendous pressure on the hospitality and real estate sectors to deliver quality and cost-efficient solutions. At the same time, the country is working to integrate sustainable development into all sectors - a shift that will raise the benchmarks for quality, efficiency and costs in the construction, design and real estate industries. Deyaar recognizes and factors in these economic and environmental shifts as we move forward in 2015 prioritizing these new demands.

As the economy continues to grow, Deyaar remains committed to diversifying in the UAE real estate landscape with innovative options, advantages and cost-benefits for our people.

Warm regards,

Saeed Al Qatami
Chief Executive Officer
Deyaar Development PJSC

MILESTONES 2014

JANUARY

Deyaar announced the sale of its 50 percent stake in a joint venture (JV) in Turkey to shift its focus towards opportunities in Dubai.

MARCH

Deyaar announced its decision to expand its development portfolio beyond commercial and residential properties, with the inclusion of hospitality projects.

Deyaar announced the launch of 'The Atria' - a luxury project featuring serviced apartments and residential units, located in the Business Bay district.

Deyaar sells out all the residential units at 'The Atria' in the Business Bay district, registering AED 500 million in sales within hours of opening.

APRIL

Deyaar started the scheduled handover of all residential units at Fairview Residency in Business Bay to home owners.

Deyaar Shareholders Approve Allocation of 25% of Share Capital to Foreign Investors.

Deyaar announced the launch of a premium hotel apartment's tower at 'The Atria'.

MAY

Deyaar marked its Debut Participation in Cityscape Jeddah.

Deyaar has inked a deal with Dubai Maritime City to acquire 70,226.53 sq feet of land located at the Marina District.

Deyaar has won the Emirates Energy Star (EES) Award for registering the highest number of buildings under the programme in 2013.

JULY

Deyaar announced the sale of its 5.98 acre land in Houston, Texas.

SEPTEMBER

Deyaar announced the launch of 'Montrose', A project comprises of three towers - a hotel apartment and two residential towers.

Deyaar Concludes Successful Sale of Residential Units at 'Montrose'.

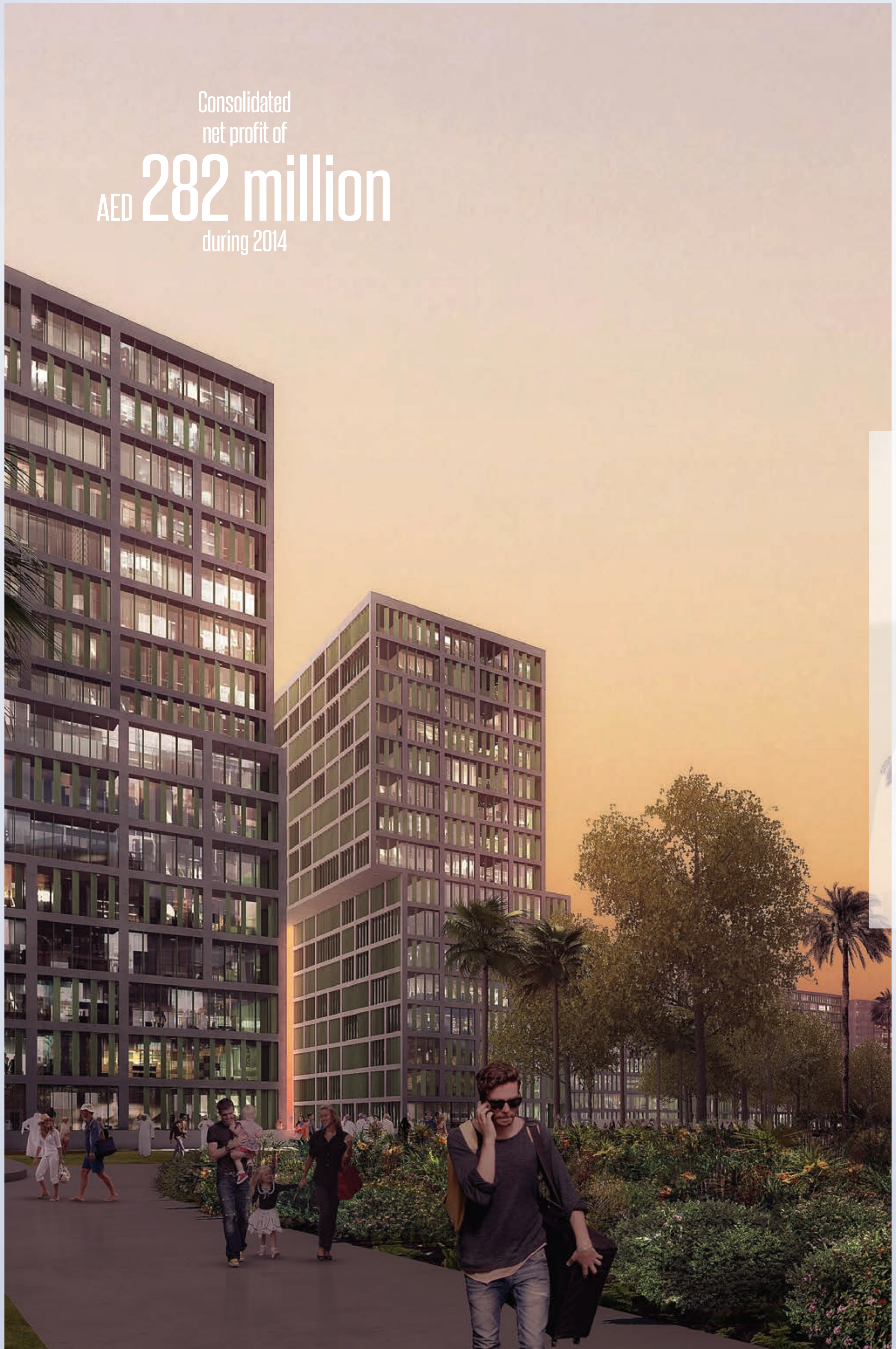
Deyaar Showcased its Diversified Portfolio at Cityscape Global 2014.

Deyaar Unveils Master plan of AED 3,5b New Upscale Development 'Midtown' at Cityscape 2014.

DECEMBER

Deyaar Showcased its High-End Projects at Property Show 2014 in DIFC

FINANCIAL HIGHLIGHTS



Consolidated
net profit of
AED 282 million
during 2014

163%
Sales Growth in 2014

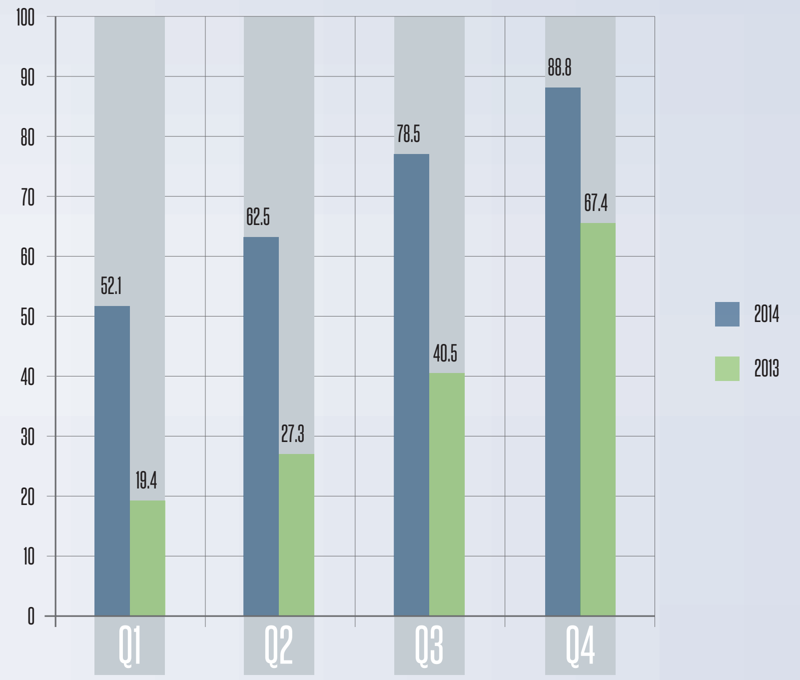
Closed 2014 with
gross revenue of
AED 1.05 billion

FINANCIAL HIGHLIGHTS: 2014/2013

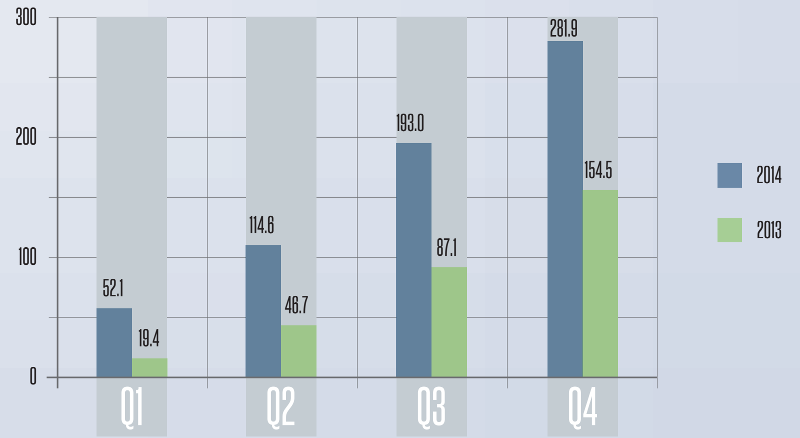
	2014	2013	Growth
P&L			
Gross Revenue	1,045.3	722.1	44.8%
Net Profit	281.9	154.5	82.4%
Balance Sheet			
Total Assets	6,098.9	6,321.7	-3.5%
Total Liabilities	1,725.9	2,234.8	-22.8%
Total Equity (Net Assets)	4,373.1	4,086.9	7.0%
Total Debt	650.2	826.4	-21.3%
Cash and Bank Balances	994.3	547.8	81.5%
Issued Share Capital	5,778.0	5,778.0	0.0%
Profitability Ratios			
ROE	6.4%	3.8%	
ROA	4.6%	2.4%	
Net Profit Ratio	27.0%	21.4%	
EPS in Fils	4.88	2.67	
Balance Sheet Ratios			
Debt Equity Ratio	14.9%	20.2%	
Cash to Total Assets	16.3%	8.7%	
Net Asset Value Per Share	0.76	0.71	

FINANCIAL HIGHLIGHTS: 2014/2013

QUARTERLY NET INCOME

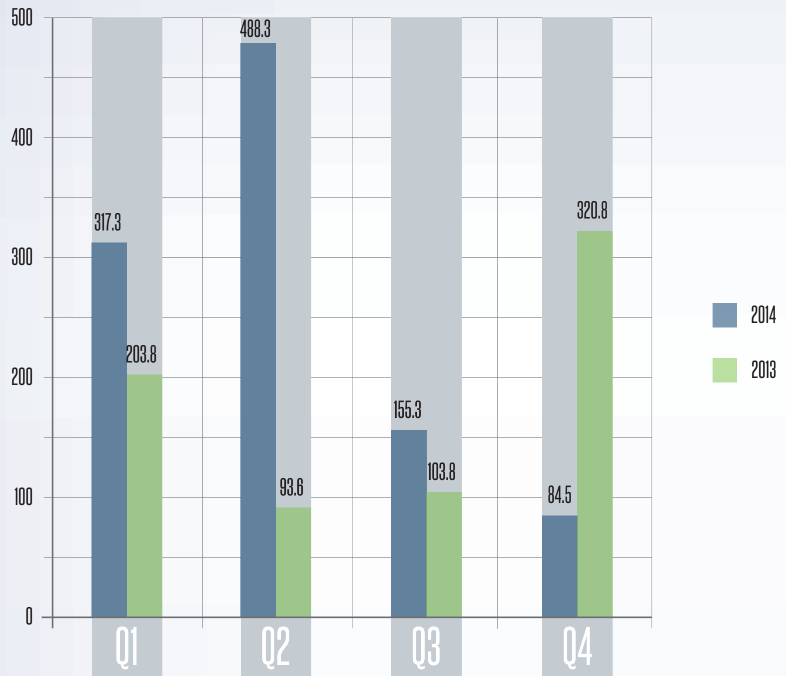


CUMULATIVE QUARTERLY NET INCOME



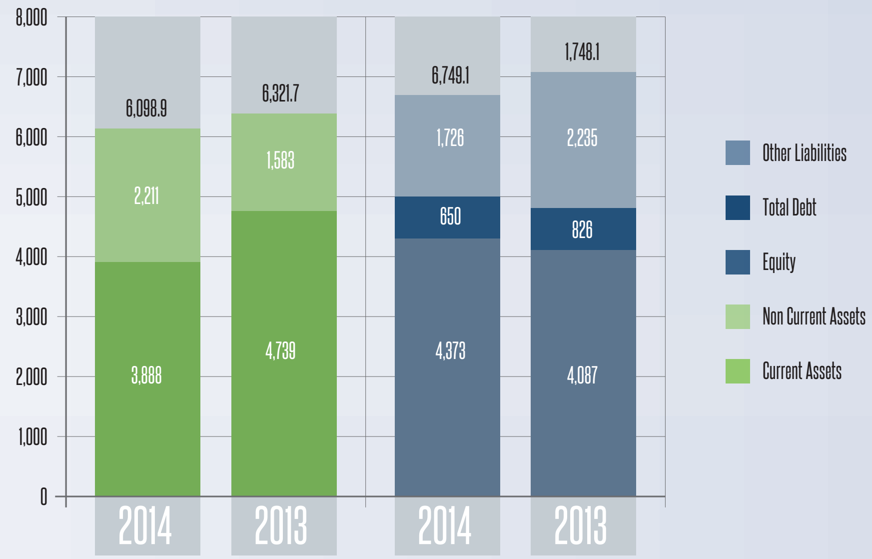
GROSS REVENUE: 2014/2013

QUARTERLY GROSS REVENUE



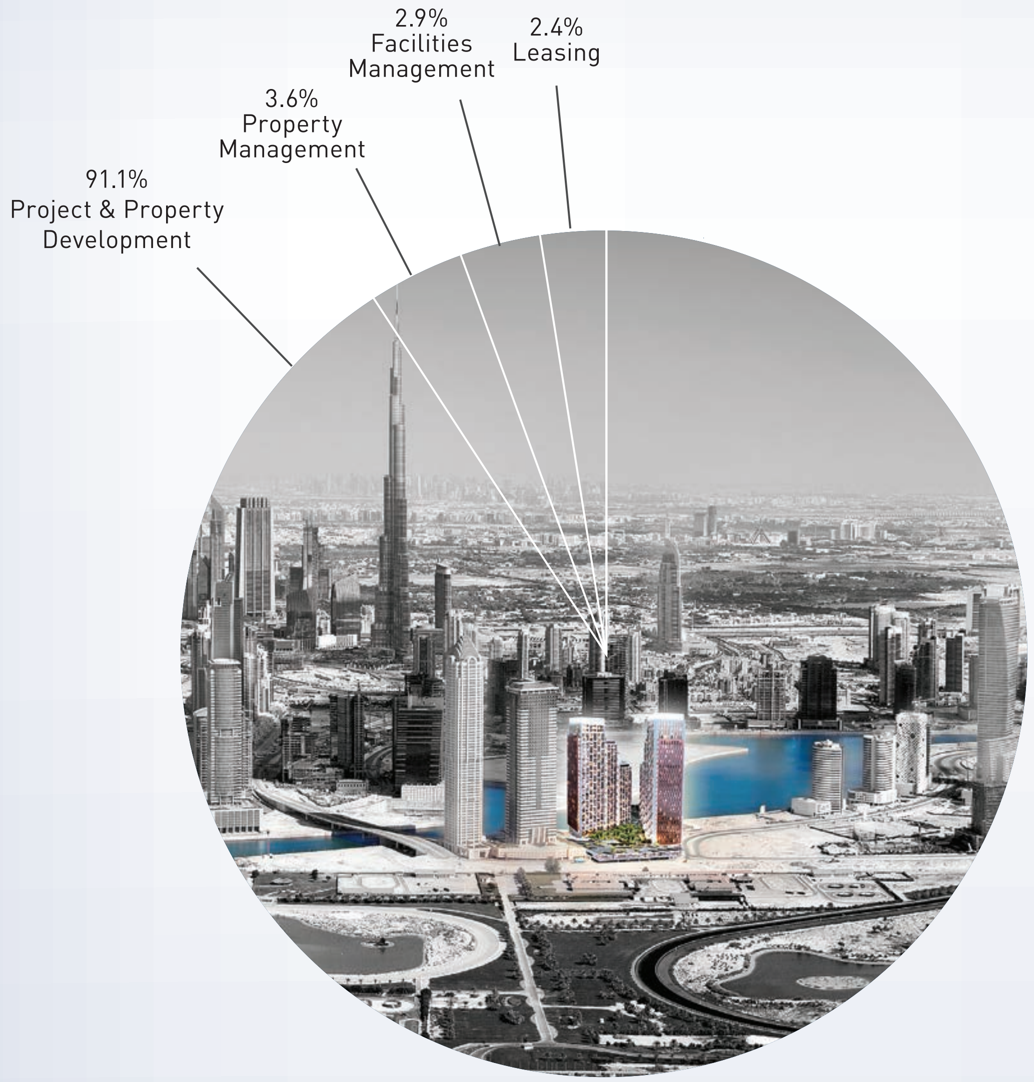
CUMULATIVE QUARTERLY GROSS REVENUE

BALANCE SHEET: 2014/2013

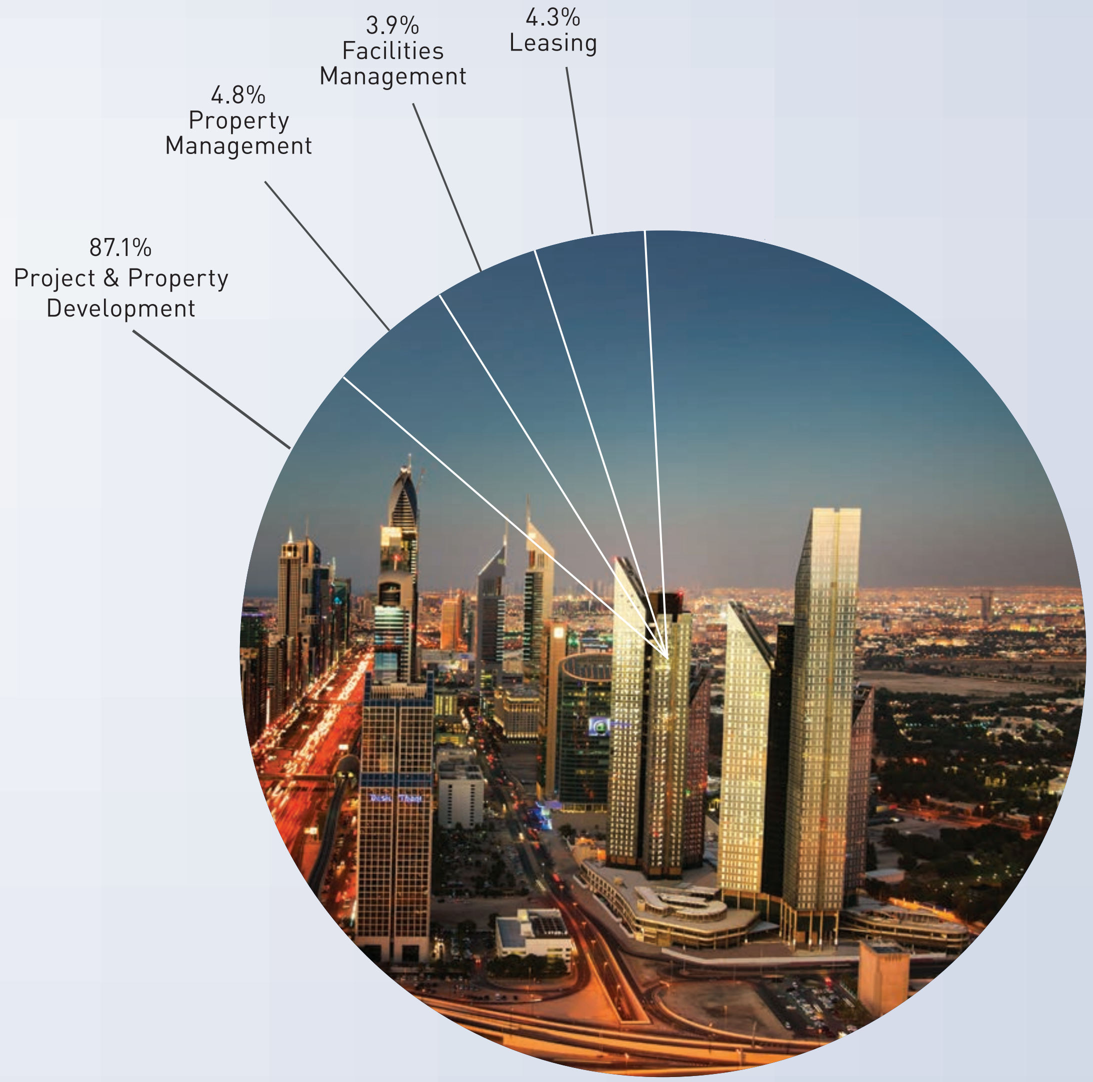


BUSINESS LINE: 2014/2013

2014



2013



INDEPENDENT AUDITORS' REPORT

The Shareholders
Deyaar Development PJSC

Auditor's report on the audit of Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31st December 2014, the consolidated statements of profit or loss and other comprehensive income (comprising a separate consolidated income statement and a consolidated statement of profit or loss and other comprehensive income), changes in equity and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31st December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31st December 2013 were audited by another auditor who expressed an unmodified audit opinion on the consolidated financial statements for the year ended 31st December 2013 on February 4, 2014.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31st December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2014

AT 31ST DECEMBER

	Note	2014 AED'000	2013 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	39,865	27,106
Investment property	6	329,320	265,521
Investments in joint ventures and associates	7	1,032,579	959,562
Properties held for development and sale	9	695,906	261,157
Trade and other receivables	10	35,005	44,340
Long term fixed deposits	12	53,559	-
Available-for-sale financial assets	8	24,841	25,381
		2,211,075	**1,583,067**
Current assets			
Properties held for development and sale	9	707,228	1,409,805
Inventories		1,742	1,592
Trade and other receivables	10	224,608	145,719
Due from related parties	11	1,959,974	2,633,673
Cash and bank balances	12	994,292	547,825
		3,887,844	4,738,614
Total assets		**6,098,919**	**6,321,681**
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	5,778,000	5,778,000
Statutory reserve	14	213,394	194,081
Exchange translation reserve		-	(4,863)
Available for sale fair valuation reserve	8	5,506	6,046
Accumulated losses		(1,623,836)	(1,886,373)
Total equity		**4,373,064**	**4,086,891**
LIABILITIES			
Non-current liabilities			
Borrowings	15	482,870	505,161
Advances from customers	16	101,317	114,405
Retentions payable	18	1,241	6,470
Provision for employees' end of service benefits	19	9,350	7,769
		594,778	**633,805**
Current liabilities			
Borrowings	15	167,292	321,228
Advances from customers	16	186,968	439,534
Trade and other payables	17	660,415	772,947
Retentions payable	18	25,733	51,619
Provision for claims	25	76,495	-
Due to related parties	11	14,174	15,657
		1,131,077	1,600,985
Total liabilities		**1,725,855**	**2,234,790**
Total equity and liabilities		**6,098,919**	**6,321,681**

These consolidated financial statements were approved by the Board of Directors on … ....and signed on its behalf by:

Abdullah Ali Obaid Al Hamli
Chairman Chief

Saeed Al Qatami
Executive Officer

The notes on pages 27 to 57 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 20 and 21.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2014

YEAR ENDED 31ST DECEMBER

	Note	2014 AED'000	2013 AED'000
Revenue	20	1,045,337	722,055
Operating costs	21	(742,023)	(414,598)
Other operating income	22	19,483	17,188
General and administrative expense	23	(155,974)	(119,104)
Provision for claims	25	(76,495)	-
Liability written back	26	147,922	-
Provision for impairment against advance for purchase of properties	27	(68,625)	-
Gain on disposal of an investment property	33	16,982	-
Gain on fair valuation of investment properties	6	50,117	49,469
Gain on disposal of a subsidiary	2	-	27,679
Operating profit		**236,724**	**282,689**
Finance cost	28	(39,359)	(43,154)
Finance income	28	7,497	5,511
Finance cost, net		**(31,862)**	**(37,643)**
Gain /(Loss) on disposal of a joint venture before reclassification adjustment	7	5,880	(53,636)
Reclassification of cumulative exchange translation losses from other comprehensive income on disposal of a joint venture	7	(4,863)	(22,649)
Net gain / (loss) on disposal of a joint venture	**7**	**1,017**	**(76,285)**
Share of results from joint ventures and associates	7	75,971	(14,244)
Profit for the year		**281,850**	**154,517**
Profit attributable to:			
Owners of the parent		281,850	154,517
		281,850	**154,517**
Earning per share attributable to the equity holders of the Company during the year - basic and diluted	29	Fils 4.88	Fils 2.67

The notes on pages 27 to 57 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 20 and 21.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note	2014 AED'000	2013 AED'000
		YEAR ENDED 31ST DECEMBER	
Profit for the year		281,850	154,517
Other comprehensive income from items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets	8	(540)	4,864
Exchange translation loss reclassified to profit or loss on disposal of a joint venture	7	4,863	22,649
Other comprehensive income for the year			
		4,323	**27,513**
Total comprehensive income for the year		**286,173**	**182,030**
Attributable to:			
Owners of the parent		286,173	182,030
Total comprehensive income for the year			
		286,173	**182,030**

The notes on pages 27 to 57 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 20 and 21.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2014

	Share capital AED'000	Statutory reserve AED'000	Exchange translation reserve AED'000	Available for sale fair valuation reserve AED'000	Accumulated losses AED'000	Total equity AED'000
At 1st January 2013	5,778,000	178,267	(27,512)	1,182	(2,025,076)	3,904,861
Net profit for the year	-	-	-	-	154,517	154,517
Transfer to statutory reserve	-	15,814	-	-	(15,814)	-
Other comprehensive income	-	-	22,649	4,864	-	27,513
Balance at 31st December 2013	**5,778,000**	**194,081**	**(4,863)**	**6,046**	**(1,886,373)**	**4,086,891**
Net profit for the year	-	-	-	-	281,850	281,850
Transfer to statutory reserve	-	19,313	-	-	(19,313)	-
Other comprehensive income	-	-	4,863	(540)	-	4,323
Balance at 31st December 2014	**5,778,000**	**213,394**	**-**	**5,506**	**(1,623,836)**	**4,373,064**

The notes on pages 27 to 57 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note	YEAR ENDED 31ST DECEMBER 2014 AED'000	2013 AED'000
Cash flows from operating activities			
Net cash generated from operating activities	**30**	**710,244**	**255,384**
Cash flows from investing activities			
Purchase of property and equipment		(5,005)	(1,213)
Proceeds from sale of property and equipment		87	5
Proceeds on reduction of investment in an associate		2,954	-
Proceeds from disposal of investment in Joint Venture		5,880	135,706
Additions to investment property - net of project accruals		(13,682)	(137)
Movement in term deposits with original maturity more than three months		(588,559)	-
Finance income received on deposits		4,540	5,669
Net cash (used in) / generated from investing activities		**(593,785)**	**140,030**
Cash flows from financing activities			
Proceeds from borrowings including conversion of overdraft		-	124,586
Repayment of borrowings		(176,227)	(43,631)
Finance costs paid		(28,765)	(26,405)
Net cash (used in) / generated from financing activities		**(204,992)**	**54,550**
(Decrease) / increase in cash and cash equivalents		**(88,533)**	**449,964**
Cash and cash equivalents, beginning of the year		527,825	50,840
Exchange gain on cash and cash equivalents		-	22,649
Net cash transferred to a subsidiary disposed off		-	4,372
Cash and cash equivalents, end of the year	**12**	**439,292**	**527,825**

The notes on pages 27 to 57 form an integral part of these consolidated financial statements.

NOTES

(forming part of the financial statements)

1 Legal status and activities

Deyaar Development PJSC (the "Company") was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, UAE on 10th July 2007. The registered address of the Company is P. O. Box 30833, Dubai, United Arab Emirates ("UAE"). The Company is listed on Dubai Financial market.

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, brokering, facility and property management services.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements present the financial position and result of the operations and cash flows of the Company and its subsidiaries (together, "the Group") and the Group's interest in equity accounted investees. Refer note 36.

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1st January 2014; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements:

- IFRS 9 Financial Instruments
- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.
- IFRS 15 Revenue from Contracts with Customers
- IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1st January 2017, with early adoption permitted.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements:

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

The above standards, amendments and interpretation are currently being assessed by the management to determine any material impact on the Group's consolidated financial statements.

2.1.1 Disposal of a subsidiary

On 26th December 2012, the Board of Directors of the Company decided to liquidate a wholly owned subsidiary, Omega Engineering LLC ("Omega"). Accordingly, on 29th August 2013, the Department of Economic Development issued a liquidation certificate and the Company effectively ceased control of Omega.

The revenue and operating results for the period ended 29th August 2013 and net assets of Omega at that date were as follows:

	29th August 2013 AED'000 (Unaudited)
Total assets	15,536
Total liabilities	132,957
Net liabilities	**117,421**
Investment in Omega impaired by the Company	(10,000)
Receivables from Omega impaired by the Company, net of provisions	(79,742)
Net gain on disposal	**27,679**

	For the period ended 29th August 2013 AED'000 (Unaudited)
Revenue	4,004
Loss for the period	-

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree 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.

(b) Eliminations on consolidation

Material inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. 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.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Joint ventures

The Group's interests in jointly controlled entities are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other operating income or expense".

(c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates; and
(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity.

On the disposal of a foreign operation all of the exchange differences accumulated in equity, in respect of that operation attributable to the equity holders of the Company, are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of asset	Years
Buildings	20
Leasehold improvements	4
Furniture and fixtures	4 - 5
Office equipment	4
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised within "other income or expense" in the consolidated statement of profit or loss.

Capital work-in-progress is stated at cost and includes property that is being developed for future use. When commissioned, capital work-in-progress is transferred to the respective category, and depreciated in accordance with the Group's policy.

2.6 Investment property

(a) Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both, are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

(b) Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 "Investment Property". Any gain or loss arising from a change in fair value is recognized in the profit or loss.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment with respect to as an investment property.

(c) Transfer from properties held for sale to investment properties

Certain properties held for sale are transferred to investment properties when those properties are either released for rental or for capital appreciation or both. The properties held for sale are transferred to investment properties at fair value on the date of transfer and gain arising on transfer is recognized in the statement of profit or loss. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties. Any gain arising on this remeasurement is recognized in the consolidated statement of profit or loss on the specific property.

(e) Transfer from investment properties to owner-occupied property

If an investment property becomes owner-occupied property, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

(f) Sale of investment properties

Certain investment properties are sold in the ordinary course of business. No revenue and direct costs are recognized for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognized in the consolidated statement of profit or loss.

2.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

A cash generating unit is the smallest identifiable asset group that generates cash flows largely independent from other assets and groups. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use, largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the consolidated statement of profit or loss.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the categories set out below. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) 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 are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables are classified as trade and other receivables, due from related parties, and cash and cash equivalents (Notes 10, 11 and 12) in the consolidated statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose it within twelve months of the end of the reporting period.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income. Dividends on available-for-sale financial assets are recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

2.9 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired.

A financial asset or a Group of financial assets is 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 the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(b) Assets classified as available-for-sale

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

2.10 Properties held for development and sale

Land and buildings identified as held for sale, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is 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 asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and net of bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.13 Employee benefits

(a) End of service benefits to non-UAE nationals

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(b) Pension and social security policy within the U.A.E

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law.

2.14 Advances from customers

Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) Sales of properties

Revenue from sales of properties is recognised in the consolidated statement of profit or loss when the risks and rewards of ownership are transferred to the buyer. The significant risks and rewards are deemed to be transferred when the title deed is registered in the name of the buyer, which in the case of properties, generally takes place only upon completion of construction and physical handover of the property. However, in certain circumstances, equitable interest in the property may vest in the buyer before the legal title passes and therefore the risks and rewards of ownership are transferred at that stage. In such cases, provided that the Group has no further substantial acts to complete in connection with the sale of the property, revenue is recognised when equitable interest in the property passes to the buyer.

(b) Forfeiture income

Forfeiture income is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil to the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, as per the procedures set out by the Dubai Real Estate Regulatory Authority, the customer continues to default on the contractual terms.

(c) Contract revenue for mechanical, electrical and plumbing works

A construction contract is defined by IAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an asset.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.
The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

(d) Service revenue

Revenue from services such as property management and facilities management is recognised in the accounting period in which the services are rendered.

(e) Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Interest income

Interest income is recognised in the consolidated statement of profit or loss on a time-proportion basis using the effective interest method.

(g) Dividend income

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

2.20 Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the subsidiaries and associates of the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to operations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED, US Dollars or other currencies, whereby the AED or other currencies are pegged to the US Dollar.

(ii) Price risk

The Group is exposed to equity securities price risk through investments held by the Group and classified as available-for-sale.

(iii) Cash flow and fair value interest rate risk

The Group has an insignificant interest rate risk arising from interest bearing bank deposits. Bank deposits are placed with banks offering favourable rates. The Group's interest rate risk arises from its interest bearing liabilities.

At 31st December 2014, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 7,015,000 lower/higher (2013: profit for the year would have been AED 8,703,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, due from related parties, and bank deposits. Trade receivables are made to customers with an appropriate credit history. The Group has no other significant concentrations of credit risk. Bank deposits are limited to high-credit-quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure at the reporting date. The maximum exposure to credit risk at the reporting date was:

	2014 AED'000	2013 AED'000
Long term fixed deposits	53,559	-
Trade and other receivables excluding prepayments, advances to contractors and suppliers	173,144	150,127
Due from related parties	1,959,974	2,633,673
Bank balances	993,113	546,979
	3,179,790	**3,330,779**

(c) Liquidity risk

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carring Amount AED'000	Contractual Cash flows AED'000	Within 1 year AED'000	2 to 5 years AED'000	More than 5 years AED'000
As at 31st December 2014					
Islamic finance facilities	544,586	572,547	156,153	381,888	34,506
Other borrowings	105,576	119,254	24,270	94,984	-
Trade and other payables	660,415	660,415	660,415	-	-
Retentions payable	26,974	26,974	25,733	1,241	-
Due to related parties	14,174	14,174	14,174	-	-
	1,351,725	**1,393,364**	**880,745**	**478,113**	**34,506**
As at 31st December 2013					
Islamic finance facilities	701,870	741,572	313,490	378,540	49,542
Other borrowings	124,519	143,351	24,034	100,309	19,008
Trade and other payables	772,947	772,947	772,947	-	-
Retentions payable	58,089	58,089	51,619	6,470	-
Due to related parties	15,657	15,657	15,657	-	-
	1,673,082	**1,731,616**	**1,177,747**	**485,319**	**68,550**

3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year. Except for complying with certain provisions of the UAE Federal Law No. 8 of 1984 (as amended), the Group is not subject to any externally imposed capital requirements.

3.3 Fair value estimation

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31st December 2014				
Available-for-sale financial assets	24,841	-	-	24,841
As at 31st December 2013				
Available-for-sale financial assets	-	-	25,381	25,381

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of investment properties

The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors and by the Group's finance department.

The fair values have been determined by taking into consideration the discounted cash flow revenues where the Company has on-going lease arrangements. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

In case where the Company do not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

For property under construction, the valuation was determined using residual value approach incorporating a combination of both the income and cost approaches. The market value estimate of these properties is on the assumption that the properties are complete as at the date of valuation, and from which appropriate deductions are made for the costs to complete the project in order to estimate the value of the property in its present condition.

The Management of the Company have reviewed the assumption and methodology used by the independent registered valuer and in their opinion these assumptions and methodology seems reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

(b) Recoverability of investment in a joint venture

Recoverability of investment in a joint venture is an area involving significant management judgement, requiring assessment as to whether the carrying value of assets can be supported by the fair value of investment property and property held for development and sale in the joint venture.

For investment property under construction, management used a valuation technique based on a discounted cash flow model, as there is a lack of comparable market data because of the nature of the properties. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- The discount rate of 11% based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate of 3.3% based on a conservative view of the long-term rate of growth.

Management assesses the impairment for property held for development and sale in the joint venture whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset.

5 Property and equipment

	Buildings AED'000	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipments AED'000	Motor Vehicles AED'000	Total AED'000
Cost						
At 1st January 2013	37,335	381	6,337	24,748	678	69,479
Additions	3,347	-	157	523	-	4,027
Adjustments	(694)	760	3,252	2,616	1,352	7,286
Disposals	-	-	(60)	(43)	-	(103)
Disposal of a subsidiary	(10,887)	(427)	(2,656)	(8,133)	(1,237)	(23,340)
At 31st December 2013	29,101	714	7,030	19,711	793	57,349
Additions / transfer	10,642	2,604	526	1,375	500	15,647
Disposals	-	-	-	-	(380)	(380)
At 31st December 2014	39,743	3,318	7,556	21,086	913	72,616
Depreciation						
At 1st January 2013	5,034	381	6,312	21,556	646	33,929
Charge for the year (Note 23)	1,607	-	61	1,761	50	3,479
Adjustments	(506)	656	3,243	2,559	1,334	7,286
Disposals	-	-	(59)	(41)	-	(100)
Disposal of a subsidiary	(2,246)	(427)	(2,655)	(7,786)	(1,237)	(14,351)
At 31st December 2013	3,889	610	6,902	18,049	793	30,243
Charge for the year (Note 23)	1,557	267	98	904	62	2,888
Disposals	-	-	-	-	(380)	(380)
At 31st December 2014	5,446	877	7,000	18,953	475	32,751
Net book amount - 31st December 2014	**34,297**	**2,441**	**556**	**2,133**	**438**	**39,865**
Net book amount - 31st December 2013	**25,212**	**104**	**128**	**1,662**	**-**	**27,106**

Buildings with a carrying value of AED 20,655,496 (2013: AED 21,946,464) are mortgaged under Islamic finance obligations (Note 15).

6 Investment property

	UAE Office Building AED'000	UAE Land AED'000	USA Land AED'000	UAE Retail Units AED'000	2014 Total AED'000	2013 Total AED'000
Fair value hierarchy	**3**	**3**	**2**	**3**		
Fair value at 1st January	68,564	92,036	104,921	-	265,521	215,916
Additions	-	15	-	-	15	136
Disposal	-	-	(104,921)	-	(104,921)	-
Transfer from property held for sale (note 9)				118,588	118,588	-
Net gain from fair value adjustments on investment property	-	-	-	50,117	50,117	49,469
Fair value at 31st December	**68,564**	**92,051**	**-**	**168,705**	**329,320**	**265,521**

During the year, the Company has reclassified its portfolio of retail units from property held for sales to investment property with a carrying value of AED 118 million. Upon reclassification, the Company has transferred the properties at their fair value on the date of transfer resulting in a fair value gain of AED 50 million which has been recognized in the consolidated statement of profit or loss in accordance with the fair value accounting policy adopted for the measurement of investment properties. This reclassification was a result of management's intention of change in use reflected by the Company's relevant business model.

Investment property is recognised at fair value and categorised within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

At 31 December 2014, the Group did not have any non performing contractual obligations for future repairs and maintenance.

Direct operating expenses recognised in the consolidated statement of profit or loss include AED 155,000 (2013: AED 146,000) and rental income recognised in consolidated statement of profit or loss includes AED 5,274,000 (2013: AED 4,770,000) from investment property.

Bank borrowings are secured on investment property to the value of AED 158,500,000 (2013: AED 158,500,000) (Note 15).

Valuation processes

Lands and retail units included in the Group's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. Valuation of UAE office building is valued by the Groups' finance department. The Group's finance department includes a team that also reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and the independent valuers at least once every six months.

At each financial year end the finance department:
- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuers.

Information about fair value measurements using significant unobservable inputs (Level 3) are as follows:

Country	Segment	Valuation	Estimate	Range of inputs	Sensitivity of management estimates Impact lower AED'000	Impact higher AED'000
UAE	Office building	Income capitalisation	Estimated rental value	AED 80 to AED 180 per sq.ft. per annum	(733)	733
			Discount rate	12.3%	8,419	(6,729)

A change of 100 basis points in management's estimate at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown above.

Valuation techniques underlying management's estimation of fair value:

For office building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated rental value (per sq.ft. p.a.) based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

Cash flow discount rate reflecting current market assessments of the uncertainty in the amount and timing of cash flows.

For plots of land, the valuation was determined by an independent firm of surveyors and property consultant using the residual approach. Properties valued using the residual approach take into account Gross Development Value (GDV) of the proposed development assuming it is complete and discounting the GDV at an appropriate discount rate for the period of construction. The construction costs of the proposed development are assumed and deducted from the GDV to arrive at the residual value of the land.

For retail units, the valuation was determined by group finance department using the indicative fair values of these investment properties as at 31st December 2014 provided by various independent firms of surveyors and property consultant. These surveyors have used methods of sales comparison and income capitalisation to determine the fair values of retail units.

7 Investments in joint ventures and associates

	Joint Ventures 2014 AED'000	Joint Ventures 2013 AED'000	Associates 2014 AED'000	Associates 2013 AED'000	Total 2014 AED'000	Total 2013 AED'000
At 1st January	684,900	889,320	274,662	273,828	959,562	1,163,148
Share of profit/(loss)	55,385	(15,078)	20,586	834	75,971	(14,244)
Repurchase of share by Associate	-	-	(2,954)	-	(2,954)	-
Disposal of investment	-	(189,342)	-	-	-	(189,342)
At 31st December	**740,285**	**684,900**	**292,294**	**274,662**	**1,032,579**	**959,562**

Investment in associates

The Group has a 22.72% interest in Solidere International Al Zorah Equity Investments Inc (Al Zorah), a company registered in the Cayman Islands. The associate is a holding company investing in companies engaged in property development.

In the previous year, the Group had a 40% interest in Landmark Properties LLC (Landmark Properties), a company registered in the United Arab Emirates and involved in real estate brokerage. During the current year, liquidation process of Landmark Properties was concluded and on 13th March 2014, the Department of Economic Development has issued the trade license cancellation certificate.

Summarised financial information relating to the Group's share of its associates is as follows:

Name	% Interest held	Assets AED'000	Liabilities AED'000	Revenue AED'000	Net Profit/(loss) AED'000
31st December 2014					
Al Zorah	22.72	304,124	(80,586)	19,827	20,586
		304,124	**(80,586)**	**19,827**	**20,586**
31st December 2013					
Al Zorah	22.72	256,201	(50,549)	1,958	952
Landmark properties *	40	198	(181)	-	(118)
		256,399	**(50,730)**	**1,958**	**834**

* During the previous year 2013, the Group's share in the associate's accumulated losses exceeded the carrying value of the investment and hence no further losses were recognised.

The Group's share of its associates' commitments amounts to AED 44,729,000 (2013: AED 7,429,000).

Investment in joint ventures

The Group has a 50% interest in the following joint ventures, which are engaged in property development. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint ventures. They also include consolidation adjustments made at the Group's level to ensure uniform accounting policies. These are included in the Group's consolidated statement of financial position and statement of profit or loss:

Name	% Interest held	Country of incorporation	Non-Current Assets AED'000	Current Assets AED'000	Non-Current Liabilities AED'000	Current Liabilities AED'000	Net Profit/(loss) AED'000
31st December 2014							
Arady Development LLC	50	U.A.E	591,737	522,260	15,433	373,377	55,385
Dubai International Development Co. LLC (*)	50	U.A.E	-	150	-	-	-
			591,737	**522,410**	**15,433**	**373,377**	**55,385**
Arady Development LLC	50	U.A.E	528,118	364,396	5,160	195,327	(15,078)
Dubai International Development Co. LLC (*)	50	U.A.E	-	150	-	-	-
			528,118	**364,546**	**5,160**	**195,327**	**(15,078)**

The Group's proportionate share in joint ventures commitments is AED 133,626,000 (2013: AED 289,617,000).

* This joint venture did not commence its commercial activities.

At 3rd October 2013, following the approval of the Group's management and Board of Directors, the Company signed share sale and purchase agreement with the other joint venture partner to sell its investment in Alarko Deyaar (the joint venture) and exit from its joint venture. Accordingly, the Company sold its 50% interest in Alarko Deyaar.

The net assets of Alarko Deyaar as at 31st December 2013 and net loss on disposal was as follows:

	31st December 2013 AED'000
Total assets	378,689
Total liabilities	(5)
Net assets	378,684
50% share of net assets	189,342
Sale consideration	135,706
Loss on disposal before reclassification adjustment	(53,636)
Reclassification of cumulative exchange translation losses from other comprehensive income on disposal of a joint venture	(22,649)
Net loss on disposal	**(76,285)**

8 Available-for-sale financial assets

	2014 AED'000	2013 AED'000
1st January	25,381	20,517
Change in fair value	(540)	4,864
31st December	**24,841**	**25,381**

9 Properties held for development and sale

	Properties held for sale AED'000	Properties under AED'000	Land held for future development and sale AED'000	Total AED'000
1st January 2013	796,212	934,066	240,000	1,970,278
Additions	-	94,513	4,396	98,909
Provision for impairment (Note 21)	(56,866)	(14,050)	-	(70,916)
Reversal of impairment (Note 21)	175,150	347	-	175,497
Capitalised borrowing costs (Note 28)	-	398	-	398
Transfers	754,117	(754,117)	-	-
Sales (Note 21)	(503,204)	-	-	(503,204)
31st December 2013	**1,165,409**	**261,157**	**244,396**	**1,670,962**
Additions (Note 11 (c))	32,531	401,775	308,783	743,089
Transfer due to completion of properties	161,434	(161,434)	-	-
Adjustment (refer note 17)/ reclassification to advances (Note 10)	(45,661)	(114,375)	-	(160,036)
Reversal of impairment (Note 21)	158,949	-	-	158,949
Transfer to investment property (Note 6)	(118,588)	-	-	(118,588)
Transfer to property and equipment (Note 5)	(10,642)	-	-	(10,642)
Sales (Note 21)	(880,600)	-	-	(880,600)
31st December 2014	**462,832**	**387,123**	**553,179**	**1,403,134**

	2014 AED'000	2013 AED'000
Non-Current portion	695,906	261,157
Current portion	707,228	1,409,805
As at 31st December	**1,403,134**	**1,670,962**

Management's assessment of the net realisable value of the properties held for development and sale resulted in a net reversal of impairment amounting to AED 158,949,000 (2013: AED 104,581,000), recognized to the consolidated statement of profit or loss under "operating costs" (Note 21).

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the current market.

A building and a plot of a land with a total carrying value of AED 292,756,000 (2013: AED 282,997,000) are mortgaged under Islamic finance obligations (Note 15).

For land held for future development and use, management is currently evaluating feasibility of the projects and considering alternative viable and profitable options for the development of the mixed use projects.

10 Trade and other receivables

	2014 AED'000	2013 AED'000
Trade receivables	273,638	209,828
Less: provision for impairment of trade receivables	(118,507)	(125,047)
	155,131	**84,781**
Advance for purchase of properties (i)	45,750	-
Receivable on cancelled purchase agreement	11,625	53,592
Advances to contractors	541	1,701
Advances to suppliers	33,560	33,910
Prepayments and other receivables	5,850	6,512
Other debtors	7,156	9,563
	104,482	**105,278**
	259,613	**190,059**
Less: current portion	(224,608)	(145,719)
Non-current portion	**35,005**	**44,340**

Advance for purchase of properties

	2014 AED'000	2013 AED'000
Advance for purchase of a share in a real estate project	187,510	187,510
Advance for purchase of properties (Note 9)	114,375	-
	301,885	**187,510**
Less: provision for impairment against advances (Notes 25 (i) and 27)	(256,135)	(187,510)
	45,750	**-**

As at 31st December 2014, trade receivables of AED 124,430,000 (2013: AED 57,241,000) were fully performing.

As at 31st December 2014, trade receivables of AED 30,702,000 (2013: AED 27,540,000) were due but not impaired. The ageing analysis of these trade receivables is as follows:

	2014 AED'000	2013 AED'000
Not due	5,231	-
Up to 3 months	14,605	7,666
Over 3 months	10,866	19,874
	30,702	**27,540**

As at 31st December 2014, trade receivables of AED 118,507,000 (2013: AED 125,047,000) were impaired and fully provided for. The individually impaired receivables mainly relate to customers who are in difficult economic situations. The ageing analysis of these trade receivables is as follows:

	2014 AED'000	2013 AED'000
Over 6 months	118,507	125,047

Movements on the Group's provision for impairment of trade receivables are as follows:

At 1st January	125,047	151,339
(Reversal)/provision for impairment of trade receivables	(6,540)	2,716
Receivables written off during the year as uncollectable	-	(2,716)
Reversal of provision on disposal of a subsidiary	-	(26,292)
At 31st December	**118,507**	**125,047**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold or post-dated cheques as security.

11 Transactions and balances with related parties

Related parties include the significant shareholders, key management personnel, associates, joint ventures, directors and businesses which are controlled directly or indirectly by the significant shareholders or directors or over which they exercise significant management influence.

(A) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2014 AED'000	2013 AED'000
A significant shareholder		
Other operating income/finance income	3,522	183
(B) Remuneration of key management personnel		
Compensation to key management personnel		
Salaries and other short term employee benefits	26,506	23,390
Termination and post employment benefits	1,287	556
Directors' fees	1,500	870
	29,293	**24,816**

(C) Due from related parties comprises

	2014 AED'000	2013 AED'000
Current		
Due from joint ventures	131,976	136,326
Due from other related parties	1,827,998	2,497,347
	1,959,974	**2,633,673**

Cash and bank balances include a fixed deposit amount of AED 455,000,000 (31st December 2013: AED 135,000,000) deposited with Dubai Islamic Bank, a significant shareholder of the Company.

As at 31st December 2014, the Group had bank borrowings from Dubai Islamic Bank of AED 303,355,000 (2013: AED 337,806,000).

In 2010, the Group entered into a sale and purchase agreement with a related party to sell properties with a carrying value of AED 1,337,846,000 and rights to purchase plots amounting to AED 899,589,000. The sale consideration agreed on by both parties as per the initial agreement was AED 3,647,483,730.

The salient terms and conditions of the transaction were as follows:

- The sale consideration is receivable on or before 1st June 2016;
- The sale consideration can be settled in cash or kind or a combination of both, at the discretion of the purchaser. Where settlement is in kind, the fair value of the assets transferred will be determined by an independent valuation expert, to be selected by the seller and purchaser; and
- The commitment on the remaining purchase price of the land held for development remains with the Group.

Following the amendments to the original agreement, the sale consideration was reduced by approximately AED 731 million, as a result of the purchaser's commitment to settle this balance on demand, on or before 31st December 2015, in cash or in kind, or a combination of both.

In the current year, pursuant to the addendum to original sale and purchase agreement for a plot of land with the master developer, the Group has entered into an amendment agreement with the related party, which has resulted in the further reduction of the sale consideration by AED 141 million. The receivable amount is reflected in the books of the Company after deducting the future committed payments of AED 279 million (refer note 31) relating to rights to purchase plots from the sale consideration as per the sale and purchase agreement.

Effective current year, the related party has transferred plots of land thereby settling receivable balance of AED 669,307,510 against the outstanding receivable (refer note 9). Management expects that the balance receivable will be settled during 2015. The legal formalities to complete the settlement agreement / amendment to the agreement are under progress as at balance sheet date.

(D) Due to related parties comprises

	2014 AED'000	2013 AED'000
Current		
Due to a significant shareholder	1,875	1,605
Due to joint ventures	12,299	14,052
	14,174	**15,657**

12 Cash and bank balances

	2014 AED'000	2013 AED'000
Cash and bank balances including call deposits	158,066	280,841
Short-term fixed deposits	888,606	266,138
Cash on hand	1,179	846
	1,047,851	**547,825**
Less: long term fixed deposit with a financial institution – net (i)	(53,559)	-
	994,292	**547,825**

Long term fixed deposits

During the current year, the Company has signed a financial restructuring plan with a financial institution for settling its wakala deposit amounting to AED 101 million. Key terms of the financial restructuring plan are as follows:

- The financial institution will make a 20% of the outstanding amount as a down payment upon signing the restructuring plan;
- 65% of the amount will be paid in monthly predetermined instalments, over a period of 12 years and will carry interest rate of 2% per annum; and
- 15% of the remaining amount will be converted in to a convertible contingent instruments and will be settled in cash or the financial institution's equity shares or combination of both after a period of 12 years. This will carry a profit rate of 1% payment in kind.

Upon signing the restructuring plan, and considering the key terms of the same, management has recognized an impairment charge of AED 15.3 million (note 23) and present value impact of AED 6.7 million on the non-current fixed deposit.

During the year, the Company has received AED 25 million from the financial institution towards the repayment of deposit including early repayment of some of the instalments. The balance outstanding amount has been classified as non-current in accordance with the agreement.

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2014 AED'000	2013 AED'000
Cash and bank balances	1,047,851	547,825
Less: deposits with original maturity more than three months	(608,559)	(20,000)
Cash and cash equivalents	**439,292**	**527,825**

Short-term fixed deposits have original maturities of three months or less. Short-term fixed and call deposits bear interest ranging from 0.55% to 1.10% per annum (2013: 0.55% to 1.75% per annum).

13 Share capital

As at 31st December 2014 and 31st December 2013, share capital comprised of 5,778,000,000 shares of AED 1 each. All shares are authorised, issued and fully paid up.

14 Legal reserve

In accordance with the UAE Commercial Companies Law of 1984 (as amended) and the Company's Articles of Association, 10% of the profit for the year is transferred to a statutory reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital.

15 Borrowings

	2014 AED'000	2013 AED'000
Non-current		
Islamic finance obligations	397,305	399,587
Other Islamic borrowings	85,565	105,574
	482,870	**505,161**
Current		
Islamic finance obligations	147,283	302,283
Other Islamic borrowings	20,009	18,945
	167,292	**321,228**
Total borrowings	**650,162**	**826,389**

	Islamic finance obligations AED'000	Other Islamic borrowings AED'000	Total AED'000
1st January 2013	749,154	138,296	887,450
Disposal of a subsidiary	-	(9,200)	(9,200)
Repayments	(47,284)	(4,577)	(51,861)
31st December 2013	701,870	124,519	826,389
Repayments	(157,283)	(18,945)	(176,228)
31st December 2014	**544,587**	**105,574**	**650,161**

The Islamic finance obligations represent Ijarah, Murabaha and Mudarabah facilities obtained from Dubai Islamic Bank PJSC (a significant shareholder), and from other local Islamic banks and financial institutions. The facilities are used to finance the properties under construction. The Islamic finance obligations carry an effective profit rate of 1 month EIBOR + 3%, with a minimum of 5%, to 5.5% per annum (2013: 1 month EIBOR + 3%, with a minimum of 5%, to 6.25% per annum), and are repayable in equal monthly or quarterly instalments over a period of five to ten years from the reporting date.

The Islamic finance obligations are secured by mortgages over properties classified under property held for development and sale (Note 9), property and equipment (Note 5) and investment property (Note 6).

The Islamic finance obligations include facility obtained from a financial institution amounting to AED 145,000,000 (2013: AED 255,000,000), of which AED 45,000,000 is classified as non-current, which does not carry any profit rate and is repayable in half yearly instalments over a period of one and a half year period. Long term portion of the borrowing is reflected in the financial statements at its fair value after discounting. Also refer to Note 26.

The borrowings include an amount of AED 303,355,000 (2013: AED 337,806,000) obtained from the significant shareholder.

16 Advances from customers

Advances from customers represent instalments received from customers towards purchases of properties held for development and sale of AED 288,285,000 (2013: AED 553,939,000).

17 Trade and other payables

	2014 AED'000	2013 AED'000
Trade payables	33,377	43,472
Payables for purchase of land	396,888	396,888
Accrued Islamic facilities charges (refer note 26)	1,778	81,628
Project cost accruals (refer note 9)	27,477	51,559
Tax payable	4,152	4,152
Other payables and accrued expenses	196,743	195,248
	660,415	**772,947**

18 Retentions payable

	2014 AED'000	2013 AED'000
Non-current portion	1,241	6,470
Current portion	25,733	51,619
Retentions payable	**26,974**	**58,089**

Non-current retentions are due to be paid to contractors within 1 to 5 years from the statement of financial position date. The fair value of non-current retentions payable approximate to their carrying amounts as the impact of discounting is not significant.

19 Provision for employees' end of service benefits

	2014 AED'000	2013 AED'000
As at 1st January	7,769	8,502
Charge for the year	2,900	1,845
Payments	(1,319)	(1,316)
Liability transferred on disposal of a subsidiary	-	(1,262)
As at 31st December	**9,350**	**7,769**

The provision for employees' end of service benefits, disclosed as non-current liability, is calculated in accordance with the UAE Federal Labour Law.

20 Revenue

	2014 AED'000	2013 AED'000
Sale of properties	948,959	513,390
Forfeiture income	2,852	110,947
Property management	37,918	34,726
Leasing income	25,266	30,697
Facilities management	30,342	28,291
Contract revenue	-	4,004
	1,045,337	**722,055**

21 Operating costs

	2014 AED'000	2013 AED'000
Cost of properties sold (Note 9)	880,600	503,204
Reversal of impairment of properties held for development and sale, net (Note 9)	(158,949)	(104,581)
Facilities management	16,055	9,954
Contract costs	-	1,993
Leasing cost	4,317	4,028
	742,023	**414,598**

22 Other operating income

	2014 AED'000	2013 AED'000
Sales management fee	4,209	-
Other operating income	15,274	17,188
	19,483	**17,188**

23 General and administrative expenses

	2014 AED'000	2013 AED'000
Staff costs (Note 24)	78,058	64,897
Association fees	5,828	11,458
Legal and professional charges	6,734	8,308
Marketing and selling expenses	25,406	7,182
Communication expenses	2,979	3,570
Depreciation (Note 5)	2,888	3,479
Project maintenance cost	3,245	3,150
Provision for impairment of trade and other receivables, net (Note 10)	-	2,716
Rent	972	1,090
Provision for impairment on long term deposits (Note 12 (i))	15,361	-
Others	14,503	13,254
	155,974	**119,104**

24 Staff costs

	2014 AED'000	2013 AED'000
Salaries and wages	56,249	45,958
End of service benefits	2,778	1,845
Other benefits	19,031	17,094
	78,058	**64,897**

25 Provision for claims

Provision for claims includes the following:

- Provision relating to legal claims made by a third party against the Company related to a facility to finance the purchase of a share in a real estate project. The provision is reflective of the management's best estimate of the net liability that the Company may incur on these claims, subsequent to the judgement of the court. Currently the proceedings are ongoing in the Court. [Also refer to Note 10 (i)].

- Provision relating to claims made by contractors against the Company for project delays that are under assessment by the consultants and management. The provision is reflective of the initial assessment which has been determined on the basis of management's best estimate of the liability that the company may incur on these claims.

The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and contractors claims are disputed, therefore this information may be prejudicial to their position on these matters.

26 Liability written back

As at 14th August 2014, the Company entered into an amicable settlement agreement with a financial institution to repay an Islamic financial obligation. The terms of settlement agreement has resulted in a reduction of principal amount by AED 60 million and a waiver of accrued profit by AED 87.92 million. Accordingly, an amount of AED 147.9 million has been recognized as an income in the current year. In accordance with the settlement agreement, the balance amount payable of AED 145 million is classified between current and non-current portion after recognizing the present value impact on non-current portion. Also refer notes 15 and 17.

27 Provision for impairment against advance for purchase of properties

Provision of AED 68.6 million relates to advance paid for purchase of properties, which are expected to be swapped with other plots of land by the master developer due to changes in the master development plan. The provision is reflective of the initial assessment which has been determined on the basis of management's best estimate of the value of the new land expected to be received by the Company. [Also refer to Note 10(i)].

28 Finance (cost)/income

	2014 AED'000	2013 AED'000
Finance cost on bank borrowings	39,359	43,552
Less: amounts capitalised on qualifying assets (Notes 9)	-	(398)
Total finance cost	**39,359**	**43,154**
Finance income on short-term bank deposits	6,397	3,751
Finance income on unwinding of discounted trade receivables	1,100	1,760
Total finance income	**7,497**	**5,511**
Net finance cost	**(31,862)**	**(37,643)**

29 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (Note 13)

	2014 AED'000	2013 AED'000
Profit attributable to equity holders of the Company (AED'000)	281,850	154,517
Weighted average number of ordinary shares in issue (thousands)	5,778,000	5,778,000
Earnings per share (fils)	4.88	2.67

Diluted

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

30 Cash flow from operating activities

	2014 AED'000	2013 AED'000
Profit for the year	**281,850**	**154,517**
Adjustment for		
Depreciation (Note 5)	2,888	3,479
Provision for employees' end of service benefits (Note 19)	2,900	1,845
Provision for doubtful debts (Note 23)	-	2,716
Reversal of impairment of properties held for development and sale, net (Note 21)	(158,949)	(104,581)
Reversal of liability / provision against claim	(2,803)	-
Gain on disposal of a subsidiary	-	(27,679)
Finance income (Note 28)	(7,497)	(5,511)
Finance costs (Note 28)	39,359	43,154
Share of results from associates and joint ventures (Note 7)	(75,971)	14,244
Gain on fair valuation of investment property (Note 6)	(50,117)	(49,469)
(Gain) / loss on disposal of investment in joint venture (Note 7)	(1,017)	76,285
Gain on disposal of property and equipment	(87)	(2)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	30,556	108,998
Payment of employees' end of service benefits (Note 19)	(1,319)	(1,316)
Increase in non-current trade and other receivables	9,335	(40,767)
Decrease in non-current retentions payable	(5,229)	(18,619)
Decrease in non-current advances from customers	(13,088)	-
Changes in working capital:		
Properties held for development and sale net of project cost accruals	416,135	400,586
Trade and other receivables	(78,889)	49,655
Inventories	(150)	(1,592)
Due from related parties	673,699	2,514
Retentions payable	(25,886)	(22,983)
Advances from customers	(252,566)	(200,925)
Trade and other payables	(40,871)	(21,178)
Due to related parties	(1,483)	1,011
Net cash generated from operating activities	**710,244**	**255,384**

31 Commitments

As at 31st December 2014, the Group had total commitments of AED 25,175,000 (31st December 2013: AED 13,417,000) with respect to project related contracts issued net of invoices received and accruals made at that date. The Group also had commitments with respect to purchase of land of AED 278,604,000 (31st December 2013: AED 419,639,000). Also refer to Note 11(c).

32 Contingent liabilities

As at 31st December 2014, the Group had contingent liabilities in respect of performance and other guarantees issued by a bank on behalf of a joint venture and a subsidiary, in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to AED 128,881,000 (31st December 2013: AED 84,539,000).

The Company is also a party to certain legal cases where the master developers have provided the Company with handover certificate for certain plots of land but the Company did not accept the handover due to the status of infrastructure. Legal cases / claims have been filed by few of the master developers claiming outstanding amounts along with the penalty charges. The management is of the opinion that the Company is not liable to pay any penalty charges based on the contractual obligations. Furthermore, after their review of opinion provided by the legal advisors, the Company's management is of the opinion that no cash outflow is expected by the Company against these penalty charges. Considering these factors and the fact that these legal claims (penalty charges) are at initial stages, the Company has not recognized any provision in respect of these penalty charges. The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

Certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of the management these contingent liabilities are not likely to result in any cash outflows for the Group.

33 Segmental information

Operating segment

The Board of Directors are the Group's chief operating decision maker. The Board considers the business of the Group as a whole for the purpose of decision making.

Management has determined the operating segments based on for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: Property development, electrical and mechanical works, and properties and facilities management.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss.

	Property development activities held	Electrical and mechanical works AED'000	Property and facilities management AED'000	Total AED'000
31st December 2014				
Segment revenues – external	977,077	-	68,260	1,045,337
Segment profit/(loss)	253,032	-	28,818	281,850
Segment assets	**5,977,758**	**-**	**121,161**	**6,098,919**
31st December 2013				
Segment revenues – external	655,034	4,004	63,017	722,055
Segment profit/(loss)	130,513	-	24,004	154,517
Segment assets	**6,231,309**	**-**	**90,372**	**6,321,681**

Geographic information

In the current year, the Company disposed a plot of land in USA which was classified under investment property at a carrying value of AED 104,921,000 (refer to Note 6), resulting in a gain of AED 16,981,786.

The carrying amount of the total assets located outside the United Arab Emirates as at 31st December 2014 is AED 3,280,000 (31st December 2013: AED 108,221,000).

34 Comparative figures

Certain comparative figures have been regrouped / reclassified to conform to the presentation adopted in these financial statements.

35 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31st December 2014	Loans and receivables AED'000	Available-for-sale AED'000	Total AED'000
Assets as per the statement of financial position			
Available-for-sale financial assets	-	24,841	24,841
Trade and other receivables excluding prepayments, advances to contractors and suppliers	173,144	-	173,144
Due from related parties	1,959,974	-	1,959,974
Long term fixed deposits	53,559	-	53,559
Bank balances	993,113	-	993,113
	3,179,790	**24,841**	**3,204,631**

	Amortised Cost AED'000	Total AED'000
Liabilities as per the statement of financial position		
Trade and other payables	660,415	660,415
Provisions for claims	76,495	76,495
Retentions payable	26,974	26,974
Borrowings	650,162	650,162
Due to related parties	14,174	14,174
	1,428,220	**1,428,220**

31st December 2013	Loans and receivables AED'000	Available-for-sale AED'000	Total AED'000
Assets as per the statement of financial position			
Available-for-sale financial assets	-	25,381	25,381
Trade and other receivables excluding prepayments, advances to contractors and suppliers	150,127	-	150,127
Due from related parties	2,633,673	-	2,633,673
Bank balances	546,979	-	546,979
	3,330,779	**25,381**	**3,356,160**

	Amortised Cost AED'000	Total AED'000
Liabilities as per the statement of financial position		
Trade and other payables	772,947	772,947
Retentions payable	58,089	58,089
Borrowings	826,389	826,389
Due to related parties	15,657	15,657
	1,673,082	**1,673,082**

36 Subsidiaries and equity accounted investees entities

Name of the entity	Country of incorporation	Effective ownership	Principal activities
Subsidiaries			
Deyaar Facilities Management LLC	UAE	100%	Facility management services
Nationwide Realtors LLC	UAE	100%	Brokerage and other related services
Deyaar Hospitality LLC	UAE	100%	Property Investment and Development
Deyaar Property Management LLC	UAE	100%	Property Investment and Development
Deyaar International LLC	UAE	100%	Real Estate Consultancy
Deyaar Ventures LLC	UAE	100%	Property Investment and Development
Flamingo Creek LLC	UAE	100%	Property Investment and Development
Beirut Bay Sal	Lebanon	100%	Property Investment and Development
Deyaar West Asia Cooperatief U.A.	Netherlands	100%	Investment Holding Company
Deyaar Development Cooperation	USA	100%	Property Investment and Development
Deyaar Al Emarat Holding WLL	Bahrain	100%	Property Investment and Development
Deyaar AL Tawassol Lil Tatweer Aleqare Co.	KSA	100%	Property Investment and Development
Deyaar Limited LLC	UAE	100%	Property Investment and Development
Deyaar Owners Association Management LLC	UAE	100%	Owners Association Management

The above subsidiaries' financial position and results of operations are not significant to the Group.

Joint Ventures			
Dubai International Development Co.	UAE	50%	Property Investment and Development
Arady Developments LLC	UAE	50%	Property Investment and Development
Associates			
SI Al Zorah Equity Investments Inc.	UAE	22.72%	Property Investment and Development

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