Depa Limited and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

depa

Global Interior Solutions

BOARD OF DIRECTORS REPORT

The Board of Directors presents their report and audited financial statements of Depa Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group specialises in the luxury fit-out sector, focusing primarily on hospitality, commercial and residential property developments, and also includes the airport, retail, yacht, theming and specialist fit-out sectors. Additionally, the Group is a provider of manufactured products and procurement services, with a primary focus on customized furniture, fixtures and equipment, much of which is produced in our in-house facilities.

RESULTS

During the year 2014, the Group earned revenues of AED 1,940,248,855 (2013: AED 2,318,402,708). The profit for the year amounted to AED 49,123,897 (2013: loss of AED 143,517,275).

AUDITORS

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2014. Ernst & Young are eligible for reappointment for 2015 and have expressed their willingness to continue in office.

ON BEHALF OF THE BOARD OF DIRECTORS

(DIRECTOR)

(DIRECTOR)

28 April 2015
Dubai, United Arab Emirates

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEPA LIMITED

We have audited the accompanying consolidated financial statements of Depa Limited (the "Company") and its Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters
The consolidated financial statements as of 31 December 2013 were audited by another auditor whose report dated 29 April 2014 expressed an unqualified opinion on those consolidated financial statements.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner

28 April 2015
Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	2014 US$	2014 AED	2013 US$	2013 AED
Revenue		**527,958,872**	**1,940,248,855**	630,857,880	2,318,402,708
Direct costs		**(457,409,001)**	**(1,680,978,079)**	(579,893,513)	(2,131,108,661)
GROSS PROFIT		**70,549,871**	**259,270,776**	50,964,367	187,294,047
General and administrative expenses		**(56,378,243)**	**(207,190,042)**	(78,001,484)	(288,955,454)
Amortisation and impairment of intangible assets	9	**(4,930,638)**	**(18,120,096)**	(9,438,502)	(34,686,495)
Impairment loss on property, plant and equipment	8	**-**	**-**	(3,900,521)	(14,334,414)
Impairment loss on investment in an associate	11	**(888,507)**	**(3,265,262)**	(3,809,524)	(14,000,000)
Impairment loss on available-for-sale investment	12	**(165,639)**	**(608,725)**	(2,503,401)	(6,900,000)
Impairment loss on goodwill	10	**(1,378,462)**	**(5,065,847)**	-	-
Share of profits from associates	11	**330,574**	**1,214,859**	449,629	1,652,387
Gain on sale of investment in an associate		**-**	**-**	1,946,058	7,151,763
Gain on bargain purchase	26	**-**	**-**	4,628,285	17,008,947
Other income	4	**11,599,055**	**42,626,526**	8,752,506	32,165,461
Finance costs, net		**(1,667,437)**	**(6,127,833)**	(2,171,172)	(7,979,058)
PROFIT/(LOSS) BEFORE TAX		**17,070,574**	**62,734,356**	(33,083,759)	(121,582,816)
Income tax expense	5	**(3,703,527)**	**(13,610,459)**	(5,968,560)	(21,934,459)
PROFIT/(LOSS) FOR THE YEAR	6	**13,367,047**	**49,123,897**	(39,052,319)	(143,517,275)
Attributable to:					
Equity holders of the Parent		**11,839,047**	**43,508,497**	(35,761,613)	(131,423,927)
Non–controlling interests		**1,528,000**	**5,615,400**	(3,290,706)	(12,093,348)
		13,367,047	**49,123,897**	(39,052,319)	(143,517,275)
Earnings per share					
Basic and diluted earnings per share (in USD/AED per share)	7	**0.0195**	**0.0716**	(0.0589)	(0.2162)

The attached notes from 1 to 35 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014		2013	
	US$	AED	US$	AED
PROFIT/(LOSS) FOR THE YEAR	**13,367,047**	**49,123,897**	(39,052,319)	(143,517,275)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(7,000,998)**	**(25,728,666)**	(2,151,457)	(7,906,604)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Actuarial loss recognised	**(1,376,801)**	**(5,059,743)**	-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(8,377,799)**	**(30,788,409)**	(2,151,457)	(7,906,604)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**4,989,248**	**18,335,488**	(41,203,776)	(151,423,879)
Attributable to:				
Equity holders of the Parent	**3,802,397**	**13,973,810**	(37,463,520)	(137,678,439)
Non-controlling interests	**1,186,851**	**4,361,678**	(3,740,256)	(13,745,440)
	4,989,248	**18,335,488**	(41,203,776)	(151,423,879)

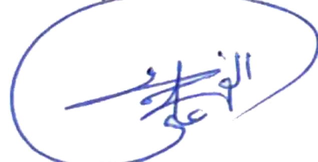
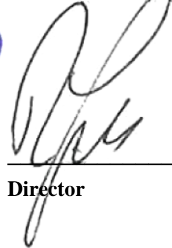
The attached notes from 1 to 35 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 US$	2014 AED	2013 US$	2013 AED
ASSETS					
Non-current assets					
Property, plant and equipment	8	**96,184,409**	**353,477,703**	105,116,276	386,302,316
Investment properties	14	**1,800,381**	**6,616,401**	-	-
Intangible assets	9	**20,397,417**	**74,960,506**	24,854,686	91,340,971
Goodwill	10	**104,244,857**	**383,099,848**	105,623,318	388,165,695
Investment in associates	11	**16,336,496**	**60,036,621**	17,508,034	64,342,024
Available-for-sale investments	12	**6,054,814**	**22,251,443**	6,220,454	22,860,168
Held to maturity investments	13	**2,381,793**	**8,753,089**	2,211,688	8,127,952
Contract retentions		**19,911,641**	**73,175,282**	25,092,832	92,216,159
Deferred tax assets	5	**305,380**	**1,122,273**	48,133	176,888
Other non-current assets		**149,159**	**548,160**	158,398	582,111
		267,766,347	**984,041,326**	286,833,819	1,054,114,284
Current assets					
Accounts receivable and other assets	15	**270,025,876**	**992,345,094**	272,278,012	1,000,621,695
Amount due from customers on construction contracts	16	**133,164,871**	**489,380,902**	180,126,895	661,966,340
Investment at fair value through profit or loss		**-**	**-**	150	550
Inventories	17	**20,348,544**	**74,780,898**	25,402,059	93,352,568
Cash and bank balances	29	**119,978,418**	**440,920,685**	108,664,893	399,343,483
		543,517,709	**1,997,427,579**	586,472,009	2,155,284,636
TOTAL ASSETS		**811,284,056**	**2,981,468,905**	873,305,828	3,209,398,920
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**245,832,598**	**903,434,799**	245,832,598	903,434,799
Share premium		**190,576,238**	**700,367,674**	190,576,238	700,367,674
Share issuance costs		**(17,643,619)**	**(64,840,298)**	(17,643,619)	(64,840,298)
Treasury shares	19	**(4,488,071)**	**(16,493,664)**	(4,488,071)	(16,493,664)
Statutory reserve	20	**13,623,395**	**50,065,980**	12,989,708	47,737,179
Other reserve	22	**(1,376,801)**	**(5,059,743)**	-	-
Accumulated losses		**(23,773,117)**	**(87,366,205)**	(34,580,419)	(127,083,038)
Translation reserve		**(5,103,191)**	**(18,754,227)**	1,556,658	5,720,717
Equity attributable to equity holders of the Parent		**397,647,432**	**1,461,354,316**	394,243,093	1,448,843,369
Non-controlling interests		**7,670,180**	**28,187,912**	2,125,867	7,812,560
Total equity		**405,317,612**	**1,489,542,228**	396,368,960	1,456,655,929
Non-current liabilities					
Bank borrowings	21	**25,965,676**	**95,423,860**	34,491,262	126,755,390
Provision for employees' end of service indemnity	22	**18,773,989**	**68,994,408**	16,180,819	59,464,509
Subcontractors' retention		**586,052**	**2,153,744**	3,389,349	11,121,924
Deferred tax liabilities	5	**76,918**	**282,672**	161,545	1,927,612
Due to related parties	24	**534,593**	**1,964,628**	572,498	2,103,930
		45,937,228	**168,819,312**	54,795,473	201,373,365
Current liabilities					
Accounts payable and accruals	23	**303,557,445**	**1,115,573,608**	349,958,464	1,286,097,353
Bank borrowings	21	**56,471,771**	**207,533,757**	72,182,931	265,272,273
		360,029,216	**1,323,107,365**	422,141,395	1,551,369,626
Total liabilities		**405,966,444**	**1,491,926,677**	476,936,868	1,752,742,991
TOTAL EQUITY AND LIABILITIES		**811,284,056**	**2,981,468,905**	873,305,828	3,209,398,920

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 28 April 2015.

Director	**Director**	**Chief Executive Officer**	**Chief Financial Officer**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to equity holders of the Parent											
	Share capital AED	*Share premium AED*	*Share issuance costs AED*	*Treasury shares AED*	*Employee stock options plan share AED*	*Statutory reserve AED*	*Other reserve AED*	*Accumulated losses AED*	*Translation reserve AED*	*Total AED*	*Non-controlling interests AED*	*Total AED*
At 1 January 2013	903,434,799	700,367,674	(64,840,298)	(16,493,664)	(6,765,988)	47,737,179	-	23,508,631	11,975,229	1,598,923,562	14,682,592	1,613,606,154
Loss for the year	-	-	-	-	-	-	-	(131,423,927)	-	(131,423,927)	(12,093,348)	(143,517,275)
Other comprehensive loss	-	-	-	-	-	-	-	-	(6,254,512)	(6,254,512)	(1,652,092)	(7,906,604)
Total comprehensive loss	-	-	-	-	-	-	-	(131,423,927)	(6,254,512)	(137,678,439)	(13,745,440)	(151,423,879)
Employee stock option plan transfer	-	-	-		6,765,988	-	-	-	-	6,765,988	-	6,765,988
Dividends paid	-	-	-	-	-	-	-	-	-	-	(6,564,729)	(6,564,729)
Acquisition of non-controlling interest (note 26)	-	-	-	-	-	-	-	(19,167,742)	-	(19,167,742)	13,440,137	(5,727,605)
At 31 December 2013	903,434,799	700,367,674	(64,840,298)	(16,493,664)	-	47,737,179	-	(127,083,038)	5,720,717	1,448,843,369	7,812,560	1,456,655,929
Profit for the year	-	-	-	-	-	-	-	43,508,497	-	43,508,497	5,615,400	49,123,897
Other comprehensive loss	-	-	-	-	-	-	(5,059,743)	-	(24,474,944)	(29,534,687)	(1,253,722)	(30,788,409)
Total comprehensive income	-	-	-	-	-	-	(5,059,743)	43,508,497	(24,474,944)	13,973,810	4,361,678	18,335,488
Transfer to statutory reserve	-	-	-	-	-	2,328,801	-	(2,328,801)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(7,719,645)	(7,719,645)
Acquisition of non-controlling interest (see note 26)	-	-	-	-	-	-	-	(1,462,863)	-	(1,462,863)	(2,231,200)	(3,694,063)
Loss of control of subsidiaries (note 30)	-	-	-	-	-	-	-	-	-	-	25,964,519	25,964,519
At 31 December 2014	**903,434,799**	**700,367,674**	**(64,840,298)**	**(16,493,664)**	**-**	**50,065,980**	**(5,059,743)**	**(87,366,205)**	**(18,754,227)**	**1,461,354,316**	**28,187,912**	**1,489,542,228**

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2014

	Notes	2014 US$	2014 AED	2013 US$	2013 AED
OPERATING ACTIVITIES					
Profit/(loss) before tax		**17,070,574**	**62,734,356**	(33,083,759)	(121,582,816)
Adjustments for:					
Depreciation of property, plant and equipment	8	**11,144,140**	**40,954,713**	11,336,040	41,659,945
Provision for employees' end of service benefits	22	**3,093,629**	**11,369,083**	5,746,193	21,117,258
Gain on disposal of property, plant and equipment	4	**(29,134)**	**(107,066)**	(106,036)	(389,683)
Interest income		**(712,034)**	**(2,616,724)**	(472,976)	(1,738,186)
Interest expense		**2,379,471**	**8,744,557**	2,644,148	9,717,244
Gain on bargain purchase		**-**	**-**	(4,628,286)	(17,008,947)
Impairment allowance on trade receivables, retentions and unbilled revenue		**3,699,185**	**13,594,503**	25,643,477	94,239,780
Reversal of allowance on trade receivables, retentions and unbilled revenue	4	**(7,423,748)**	**(27,282,273)**	(2,751,249)	(10,110,841)
Impairment loss on goodwill	10	**1,378,462**	**5,065,847**	-	-
Impairment loss on investment in an associate	11	**888,507**	**3,265,262**	3,809,524	14,000,000
Impairment loss on available for-sale investment	12	**165,639**	**608,725**	1,877,551	6,900,000
Gain on disposal of investment in an associate		**-**	**-**	(1,946,058)	(7,151,763)
Share of profits from associates	11	**(330,574)**	**(1,214,859)**	(449,629)	(1,652,387)
Impairment loss on property, plant and equipment	8	**-**	**-**	3,900,521	14,334,414
Amortisation of held to maturity investments		**(170,105)**	**(625,137)**	(170,130)	(625,226)
Amortisation and impairment of intangible assets	9	**4,930,638**	**18,120,096**	9,438,502	34,686,495
		36,084,650	**132,611,083**	20,787,833	76,395,287
Working capital changes:					
Trade and other receivables		**(19,507,874)**	**(71,691,437)**	(13,807,149)	(50,741,274)
Inventories		**5,051,248**	**18,563,338**	1,406,854	5,170,187
Due from customers on construction contracts		**52,297,440**	**192,193,091**	(34,730,714)	(127,635,371)
Contract retentions		**5,181,191**	**19,040,877**	(7,965,381)	(29,272,777)
Non-current assets		**9,238**	**33,951**	84,913	312,057
Subcontractors' retention		**(1,730,227)**	**(6,358,586)**	(2,857,873)	(10,502,683)
Accounts payable and other liabilities		**(20,924,255)**	**(76,896,637)**	57,461,029	211,169,280
Due to related parties		**(37,905)**	**(139,302)**	339,508	1,247,692
Restricted cash		**(11,339,905)**	**(41,674,150)**	1,466,319	5,388,721
Cash from operations		**45,083,601**	**165,682,228**	22,185,339	81,531,119
Employees' end of service benefits paid	22	**(1,762,014)**	**(6,475,402)**	(2,426,962)	(8,919,085)
Zakat and income tax paid		**(3,248,113)**	**(11,936,814)**	(4,041,251)	(14,851,599)
Net cash flows from operating activities		**40,073,474**	**147,270,012**	15,717,126	57,760,435
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	8	**(5,611,579)**	**(20,622,553)**	(7,128,369)	(26,196,755)
Proceeds from sale of property, plant and equipment		**199,665**	**733,770**	1,574,429	5,786,025
Purchase of intangible assets	9	**(473,369)**	**(1,739,631)**	-	-
Proceeds from sale of investments in an associate		**-**	**-**	7,950,173	29,216,886
Dividends/payments received from associates	11	**613,605**	**2,255,000**	1,301,522	4,783,095
Additional investment in subsidiaries		**(1,005,187)**	**(3,694,063)**	(12,804,043)	(47,054,858)
Loss of control on subsidiaries, net cash disposed	30	**(1,767,404)**	**(6,495,209)**	-	-
Decrease in long term fixed deposits		**2,658,845**	**9,771,257**	5,460,694	20,068,050
Interest income received		**712,034**	**2,616,724**	472,976	1,738,186
Acquisition of available-for sale investments		**-**	**-**	(40,150)	(147,550)
Disposal of investment at fair value through profit or loss		**150**	**550**	107,181	393,891
Net cash flows used in investing activities		**(4,673,240)**	**(17,174,155)**	(3,105,587)	(11,413,030)

The attached notes from 1 to 35 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOW (continued)

At 31 December 2014

		2014		2013	
	Notes	US$	AED	US$	AED
FINANCING ACTIVITIES					
Increase in margin money		**(1,755,646)**	**(6,451,998)**	-	-
Proceeds from borrowings long term		**13,605,442**	**50,000,000**	36,045,224	132,466,200
Dividends paid to non-controlling interests		**(2,100,584)**	**(7,719,645)**	(1,786,321)	(6,564,729)
Repayments of borrowings		**(25,473,616)**	**(93,615,538)**	(24,545,222)	(90,203,692)
Net movement in trust receipts		**(7,518,611)**	**(27,630,896)**	12,704,351	46,688,489
Interest paid		**(2,379,471)**	**(8,744,557)**	(2,644,148)	(9,717,244)
Net cash flows (used in)/ from financing activities		**(25,622,486)**	**(94,162,634)**	19,773,884	72,669,024
NET INCREASE IN CASH AND CASH EQUIVALENTS		**9,777,748**	**35,933,223**	32,385,423	119,016,429
Net foreign exchange difference		**(4,050,966)**	**(14,887,300)**	(1,515,476)	(5,569,375)
Cash and cash equivalents at 1 January		**74,600,776**	**274,157,853**	43,730,829	160,710,799
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	29	**80,327,558**	**295,203,776**	74,600,776	274,157,853

1 CORPORATE INFORMATION

Depa Limited (the "Company") is a company limited by shares and registered in accordance with DIFC Law No. 3 of 2006 as repealed and replaced by DIFC Law No. 2 of 2013 and was incorporated on 25 February 2008. Depa Limited is the management company of Depa United Group P.J.S.C. The Company's shares are listed on the Nasdaq Dubai.

On 31 March 2008, the Company received 99.9% of the shares in Depa United Group (P.J.S.C.) against an issue and allotment of 460,271,308 ordinary shares of the Company, each with a nominal value of US$ 0.40.

The address of the Company's registered office is P.O. Box 56338, Dubai, United Arab Emirates.

The Company and its subsidiaries (together referred to as the "Group") specialises in the luxury fit-out sector, focusing primarily on hospitality, commercial and residential property developments, and also includes the airport, retail, yacht, theming and specialist fit-out sectors. Additionally, the Group is a provider of manufactured products and procurement services, with a primary focus on customised furniture, fixtures and equipment, much of which is produced in our in-house facilities.

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), and applicable requirements of UAE Laws.

Functional and presentation currency
The consolidated financial statements are presented in UAE Dirham (AED) since that is the currency in which the majority of the Group's transactions are denominated. The US Dollars (US$) amounts, are presented solely for the convenience of the reader of the consolidated financial statements. The UAE Dirham amounts have been translated at the rate of AED 3.675 to US$ 1. The translation rate has remained constant throughout the year.

Accounting convention
The consolidated financial statements have been prepared under a historical cost basis, except for investment properties which have been measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting or similar rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

2.2 BASIS OF CONSOLIDATION (continued)

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from the contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 BASIS OF CONSOLIDATION (continued)

The following subsidiaries in which the Company exercises control are consolidated in these financial statements based on the financial statements of the respective subsidiaries:

Name of subsidiaries	*Country*	*% Holding*		*Principal activities*
		2014	2013	
Depa United Group P.J.S.C.	U.A.E.	**100%**	100%	Management activities of the holding Company.
Subsidiaries of Depa United Group P.J.S.C.				
Depa Interiors L.L.C.	U.A.E	**100%**	100%	Full scope fit out and furnishing of five star hotels, luxury villas and residential, hospitalities and services
Depa Decoration, Contracting & General Maintenance L.L.C.	U.A.E	**100%**	100%	Interior decoration, contracting and general maintenance services for hotels and other entities
Pino Meroni Yacht Interiors L.L.C.	U.A.E	**90%**	90%	Trading in material and requisites for Yacht upholstery and fabric for curtains and upholstery and trading in decoration and partition materials
Eldiar Furniture Manufacturing and Decoration L..L.C.	U.A.E	**100%**	100%	Manufacturing and sale of wooden doors, wardrobes, furniture decoration
Deco Emirates L.L.C.	U.A.E	**100%**	100%	Building, contracting and decoration activities and trading in furniture and related items and shops interiors
Depa Hotels SAE	Egypt	**91.95%**	91.95%	Decoration works, interior and exterior finishing for hotels, motels, tourist villages and nile cruise ships
Pino Meroni Wooden and Metal Industries S A E	Egypt	**86.17%**	86.17%	Manufacturing of wooden and steel furniture
Depa Construction L.L.C	U.A.E	**100%**	100%	Interior and exterior decoration works and other related activities.
Dragoni International L.L.C.	U.A.E	**60%**	60%	Interior design, furniture manufacturing and supply and fit out of soft and hard furnishings
Depa Al Barakah L.L.C.	U.A.E.	**80%**	80%	Contracting of partitions and false ceilings and trading of gypsum products and false ceiling
Depamar SARL	Morocco	**100%**	100%	Interior design, decoration works and construction of buildings
Depa Mauritius	Mauritius	**100%**	100%	Management activities of holding companies
Depa Saudi Contracting and Interior Design L.L.C.	Saudi Arabia	**100%**	100%	Interior decoration, contracting and general maintenance services for hotels and other entities
Depa Hungary Kft	Hungary	**100%**	100%	Management activities of holding companies
Paragon Creative Middle East L.L.C.	U.A.E.	**51%**	51%	Building, Maquette and model trading
The Parker ME FZ L.L.C	U.A.E.	**51%**	51%	Procurement services to hospitality industry
Depa Germany GmbH & Co. KG	Germany	**100%**	100%	Management activities of holding companies

2.2 BASIS OF CONSOLIDATION (continued)

Name of subsidiaries	*Country*	*% Holding* **2014**	2013	*Principal activities*
Subsidiaries of Depa United Group P.J.S.C. (continued)				
Depa Germany Verwaltungs GmbH & Co. KG	Germany	**100%**	100%	Management activities of holding companies
Depa Jordan Investment W.L.L.	Bahrain	**70%**	70%	Management activities of holding companies
Depa Syria for Contracting and Real Estate Developments	Syria	**100%**	100%	Investment in real estate and all related services and activities
Depa Industrial Group Maroc	Morocco	**100%**	100%	Manufacturing and sale of wooden doors, wardrobes, furniture decoration
Depa Industrial Group (DIG) Dubai	U.A.E	**90%**	90%	Contracting of wooden doors, frames, windows, building metal products and other joinery products as well as manufacture of home furniture
Carrara Mideast Industrial Co. L.L.C.	U.A.E	**100%**	100%	Cutting, processing, polishing and fixing marble and granite.
Design Studio Group Ltd. (formerly known as "Design Studio Furniture Manufacturer Limited and its subsidiaries")	Singapore	**89.03%**	88.27%	Manufacture, supply and installation of panelling products to residential property projects. Interior fitting-out services to hospitality and commercial projects
Depa (U.K) Limited	UK	**100%**	100%	General commercial company
Depa Azerbaijan LLC	Azerbaijan	**100%**	100%	Full scope fit out and furnishing of five star hotels, luxury villas and residential, hospitalities and services
Projects Division Company (SARLAU)	Morocco	**100%**	100%	Investment in real estate and all related services and activities
Lindner Middle East L.L.C. *	U.A.E.	**-**	51%	Trading of false ceilings, building and construction materials, tiles, flooring materials, decoration material and partition
Lindner Depa Interiors L.L.C. *	U.A.E.	**-**	51%	Manufacturing and trading in interior decoration partition and false ceiling products
Thrislington Gulf L.L.C.	U.A.E.	**100%**	100%	Manufacturing and installation of office partitions
Mivan Depa Contracting Bahrain W.L.L.	Bahrain	**100%**	100%	Importing of décor decor materials and undertaking interior designs and décor contracts.
Depa Qatar Company W.L.L.	Qatar	**100%**	100%	Civil construction and related activities
Depa India Private Limited	India	**100%**	100%	Full scope fit out and furnishing of five star leasing hotels.
Depa India RAK FZE	U.A.E.	**100%**	100%	Trading, imports and exports of carpets, chandeliers, home furniture, and light fitting and fixtures.
Depa SRL	Italy	**100%**	100%	Trading and selling furniture
Depa USA Holding Co	USA	**100%**	100%	Hospitality, procurement (this is a holding company only with no operating activities by itself)

2.2 BASIS OF CONSOLIDATION (continued)

Name of subsidiaries	*Country*	*% Holding* **2014**	2013	*Principal activities*
Subsidiaries of Depa United Group P.J.S.C. (continued)				
The Parker Company L.L.C.- USA	USA	**51%**	51%	Hospitality procurement
Parker Company Brazil Consultoria Empresarial Ltd	Brazil	**50.49%**	50.49%	Inactive in the period
The Parker Company (Asia) Limited, Hong Kong	Hongkong SAR	**51%**	51%	Holding company and hospitality procurement
The Parker Company (Shanghai) Limited	Hongkong SAR	**51%**	51%	Hospitality procurement
The Parker Company AG – Zurich	Switzerland	**51%**	51%	Hospitality procurement
Vedder Gmbh	Germany	**100%**	100%	Interior work, custom yacht interiors, custom made furniture.
Vedder Munich GmbH	Germany	**100%**	100%	Interior work, custom yacht interiors, custom made furniture.
Depa Munich GmbH & Co. KG	Germany	**100%**	100%	Management activities of holding companies.
Wallersdorfer Solar GmbH	Germany	**100%**	100%	Operation of solar panels for the production of electricity.

* During the year, the Group has lost control over these subsidiaries and consequently they have been accounted for as joint operations (see note 30).

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies are consistent with those used in the previous year except the Group applied, for the first time, certain standards and amendments which resulted in additional disclosures in the consolidated financial statements. The nature and the impact of each new standards and amendments are described below:

New and amended standards and interpretations

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 consolidated financial statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of ’currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no significant impact on the financial position and performance of the Group.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements 2011-2013 Cycle
In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS consolidated financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

2.4 STANDARDS ISSUED NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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

2.4 STANDARDS ISSUED NOT YET EFFECTIVE (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

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

2.5 ANNUAL IMPROVEMENTS

Below improvements are effective for accounting period beginning on or after 1 July 2014 and are not expected to have a material impact on the Group. They include:

Annual improvements 2010-2012 Cycle
IFRS 2 Share-based Payment
IFRS 3 Business Combinations
IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle
IFRS 3 Business Combinations
IAS 40 Investment Property

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

3 SIGNIFICANT ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant Accounting Judgement in applying Group accounting policies
The following are the critical judgments, apart from those involving estimations described below, that the management have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the consolidated financial statements.

Business combinations
In accordance with International Financial Reporting Standards, on acquisition of a subsidiary or business operation, the Group is required to allocate the cost of the business combination by recognising, at fair value, the acquiree's identifiable assets, liabilities and contingent liabilities that meet certain recognition criteria. In doing so, management have exercised their judgment, based on experience and knowledge of the industry, in determining the applicability of the recognition criteria, including the separability of intangible assets, the forecasting horizon, the appropriate discount rate, the amortisation timetable and the impairment tests to be applied in future. The Directors are satisfied that these judgments have resulted in a fair and reasonable estimate of the fair value of the identifiable assets (including intangible assets), liabilities and contingent liabilities at the date of the acquisitions made.

Joint operations
The Group reports its interests in jointly controlled entities as joint operations which management considers appropriately recognises the substance of the business arrangements.

Classification of investment properties
The Group determines whether a property is classified as an investment property or property, plant and equipment. Investment properties comprises land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation or where the intention of the Group is not yet clear.

Property, plant and equipment comprise property, land and buildings which are occupied substantially for use by, or in the operations of the Group.

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

Classification of investment in securities
As described in Note 3, investments are classified as either held for trading or available-for-sale. In judging whether investments are held for trading or available-for-sale ("AFS"), management has considered the detailed criteria for determination of such classification as set out in IAS 39 Financial Instruments: Recognition and Measurement. Management is satisfied that its investment in securities is appropriately classified as AFS investments.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Allowances for contract receivables, retentions and amounts due from customers
Management has estimated the recoverability of contract receivables, retentions and amount due from customers and has considered the allowance required. Management has estimated the allowance for contract receivables, retentions and amount due from customers on the basis of prior experience, the current economic environment and changes in key management leading negotiations on the recovery of long outstanding receivables, unbilled revenue and retentions. Estimating the amount of the allowance requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions and contractor/employer-specific factors, all of which may be susceptible to significant change. An allowance is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

At the reporting date, gross trade receivables were AED 527,451,215 (2013: AED 574,330,913), and the provision for doubtful debts was AED 156,799,444 (2013: AED 208,094,406). Any difference between the amounts actually collected in a future period and the amounts expected, will be recognised in the consolidated statement of profit or loss in that period.

Allowance for inventory obsolescence
Management has estimated the recoverability of inventory balances and considered the allowance required for inventory obsolescence based on the current economic environment and best obsolescence history. Estimating the amount of the allowance for stock obsolescence requires significant judgment and the use of estimates related to the provision for amortisation based on historical loss experience and consideration of current interior design market trends, all of which may be susceptible to significant change. A provision for stock obsolescence is charged to contract costs based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for stock obsolescence could be required that could adversely affect earnings or financial position in future periods.

At the reporting date, gross inventories were AED 86,176,368 (2013: AED 105,665,583), with provisions for old and obsolete inventories of AED 11,395,470 (2013: AED 12,313,015). Any difference between the amounts actually realised in a future period and the amounts expected, will be recognised in the consolidated statement of profit or loss in that period.

Useful lives of property, plant and equipment and intangible assets
The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Management has not considered any residual value as it is deemed immaterial. During the year management performed assessments of both the fair value and value in use of property, plant and equipment and intangible assets and determined that no impairment losses arose.

Revenue on construction contracts
The Group uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires the Group to estimate the proportion of work performed as a proportion of contract costs incurred for work performed to date to the estimated total contract costs. Management considers that this is the most appropriate measure of determining the percentage-of-completion to arrive at the profit to be recognised for the year and to defer profits in excess of the overall estimated contract margin. Since project costs can vary from initial estimates, the reliance on the total project cost estimate represents an uncertainty inherent in the revenue recognition process. Individual project budgets are reviewed regularly with project leaders to ensure that cost estimates are based upon up to date and as accurate information as possible, and take into account any relevant historic performance experience. Effects of any revision to these estimates are reflected in the year in which the estimates are revised.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty (continued)

Contract variations
Contract variations are recognised as revenues to the extent that it is probable that they will result in revenue which can be reliably measured, which requires the exercise of judgment by management based on prior experience, application of contract terms and relationship with the contract owners.

Contract claims
Contract claims are recognised as revenue only when management believes that an advanced stage of negotiation has been reached and the revenue can be estimated with reasonable certainty. The amount of claim recognised as part of the revenue for the year is AED 46 million which pertain to the KAPSARC project. Management reviews the judgement related to these contract claims periodically and adjustments are made in the future periods, if assessments indicates that such adjustments are appropriate.

Fair value of other financial instruments
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment and estimation is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Construction cost estimates
The Company uses internal quantity surveyors together with project managers to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labor costs, defects liability costs and other costs are included in the construction cost estimates based on best estimates

Defects liability provisions
The Company generally offers a one year warranty for defects for work carried out. Management estimate the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. These costs are included in estimated contract costs.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the fair value less cost to sell (FVLC) or value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. The carrying amount of goodwill at the end of the reporting period was AED 383,099,848 (2013: AED 388,165,695).

Recoverability of intangible assets
During the year, management considered the recoverability of the intangible assets arising from the Group's business combinations, which is included in its statement of financial position at 31 December 2014 at AED 74,960,506 (2013: AED 91,340,971). This situation will be closely monitored, and adjustments made in future periods, if future assessments indicate that such adjustments are appropriate.

Fair value of available-for-sale investments
The Group records available-for-sale investments at fair value. For publicly traded investments this is based on market prices, however the Group is required to estimate the fair value for investments in private securities. The Group is required to make significant judgments in estimating these values and bases its estimate on available financial statements and information provided by investment managers.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty (continued)

Provision for taxes
Management has assessed the tax position in the jurisdictions it operates having regard to the local tax legislation, decrees issued periodically and related bilateral/international treaties and/or conventions. Interpretation of such legislation, decrees, bilateral/international treaties and/or conventions is not always clear and entails completion of assessment by fiscal authorities in the country in which the Group operates. Management believes that it is not liable to tax in the jurisdictions other than that provided.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective Group Company's domicile. As the Group assesses the probability of litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Non-current retentions
Non-current retentions receivable and payable are restated at their fair value at each period end by discounting at the Company's effective deposit and borrowing rates respectively, which management considered to be the appropriate discount rates for these assets and liabilities.

Breach of banking covenants
The Group is in compliance with majority of agreed financial covenants in respect of banking facilities; however, a few financial covenants with commercial banks are in breach. None of the facilities concerned have been withdrawn to date. Management are confident based on in-house legal opinion obtained that the breach of these covenants does not impact the validity of the project finance which is in place. Management meet with the banks monthly or quarterly as part of their risk management strategy and all the concerned banks are aware of the breaches which impact their facilities and management are confident, based on the ongoing dialogue with the concerned banks, that they will be able to re-negotiate the terms and financial covenants set out in respect of these facilities and that there is no impact of these breaches on the guarantees that are currently in place with various contractors and employers nor on the consolidated financial statements.

Employees' end of service indemnity
The cost of the end of service benefits and the present value of these benefits obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in Note 22.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill arising on the acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the Group's assets in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)
An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the

Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.
The following asset has specific characteristics for impairment testing:

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint operations (continued)

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in associate.

Revenue recognition
The Group's revenue is primarily derived from construction revenue.

Revenue from construction contracts
Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Variations in contract work are recognised to the extent that it is probable that they will result in revenue and such revenue can be reliably measured. Claims and incentive payments are included to the extent that it is probable that the customer will accept the claim and the amount can be measured reliably.

Changes in estimates used in the determination of the amount of revenue and expenses are recognised in the consolidated statement of income in the period in which the change is made.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which these are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from procurement services
The procurement contracts require the Group to perform an indeterminate number of acts over a specified period of time including negotiating with vendors, tracking the progress of each purchase order, and monitoring the delivery process. Therefore, revenue is recognised on a straight-line basis over the term of the contracts as this is the best method to represent each contract's stage of completion.

The Group also derives revenue by charging vendors a fee for the use of the Group's purchase order tracking software. The fees are based on the value of the merchandise ordered. Fees from vendors are earned and recognised when the vendors ship the merchandise ordered through the Group's purchase order tracking software to the Group's customers.

Revenue from sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest income
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Other income
Other income is recognised when title has passed to third party.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract costs
Contract costs comprise direct costs such as materials, labour and overheads, and other costs attributable to contract activity in general and which can be allocated to a specific contract. In addition, contract costs include costs that are specifically chargeable to the customer under the terms of the contract.

Amounts due from/to customers on construction contracts
Amounts due from/to customers on construction contracts is the difference between the revenue recognised based on percentage-of-completion and the actual amount certified or billed. Amount due from customers on construction contracts represents excess of revenue recognised based on percentage of completion over actual amount certified or billed. Amount due to customers on construction contracts represents excess of actual amount certified or billed over revenue recognised based on percentage of completion.

Borrowing costs
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 during which they are incurred.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, production and conversion costs and other costs necessary to bring the inventory to the Group's location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realisable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognises the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognized as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
For the purpose of these consolidated financial statements UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries are expressed in AED using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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 expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Buildings	3% - 15%
Machinery and equipment	10% - 50%
Motor vehicles	20% - 25%
Furniture and office equipment	20% - 33.33%
Operating equipment and tools	20%
Site equipment	10% - 25%
Caravans	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

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.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital work in progress
Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

Investments properties
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost expenditure which are capitalised as and when activities that are necessary to get the investment properties ready for use for the purpose they are intended to. The carrying amount excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

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

Transfers are made to investment properties when, and only when, there is a change in the use evidenced by ending of owner occupation, commencement of operating lease to another party or ending of construction or development. Transfers are made from investment properties when and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view of sale. In such cases, the fair value of the reclassified investment property at reclassification date becomes its cost for accounting purposes, with changes in the fair values included in the statement of consolidated comprehensive income in the year in which it was reclassified.

Intangible assets
Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets with definite useful lives are amortised on the following basis:

Brand name	15 years
Customer relationships	5 - 10 years
Contracts on hand	Over the expected period of the contract
Other	Over the life of the asset

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Employee benefits
An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Employees' end of service indemnity
In accordance with labour laws prevailing in the countries in which Group and its subsidiaries operate, the Group provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group provides for a number of post employment defined benefit plans under several jurisdictions in which the Group operates. These benefits are un-funded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income. The past service costs are recognised as an expense in the consolidated statement of comprehensive income, on a straight line basis over the average period until the benefits become vested. The interest cost component is expensed to the statement of comprehensive income.

The defined benefit liability comprises the present value of the defined benefit obligations using a discount rate based on market yield rates. The Group has not allocated any assets to such plans.

Payments made to Social Security Institutions in connection with government pension plans in various countries where the Group operates are dealt with as payments to defined contribution plans, where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the social security institutions on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period to which the employees' service relates.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for taxation

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in the consolidated profit or loss. The net gain or loss recognised in the consolidated profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments
Commercial paper with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets
Unlisted shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the consolidated profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in the consolidated profit or loss for the period.

Dividends on AFS equity instruments are recognised in the consolidated profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the consolidated profit or loss, and other changes are recognised in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables
For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated profit or loss.

With the exception of AFS equity instruments, 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, the previously recognised impairment loss is reversed through the consolidated profit or loss to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through the consolidated profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

De-recognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liability and equity instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Group does not have any financial liabilities classified as FVTPL.

Trade and other payables are classified as 'other financial liabilities' and are carried at nominal values.

Other financial liabilities
Other financial liabilities include balances due to banks and loans and are initially measured at fair value, net of transaction costs and include trade and other payables benefits which are carried at nominal values.

Other financial liabilities initially recorded at fair value are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Treasury shares accounting policy
Treasury shares are deducted from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the treasury shares. Any consideration paid or received is recognised directly in equity

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the consolidated financial statement under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4 OTHER INCOME

	2014 *AED*	*2013* *AED*
Reversal of contract provisions	**1,332,835**	8,527,772
Reversal of allowance for doubtful debts	**27,282,273**	10,110,841
Interest income from held-to-maturity investment	**1,542,224**	1,542,226
Gain on disposal of property, plant and equipment	**107,066**	389,683
Miscellaneous income	**12,362,128**	11,594,939
	42,626,526	32,165,461

5 INCOME TAX

	2014 *AED*	*2013* *AED*
Current tax	**14,511,820**	18,664,503
Deferred tax (income)/expense	**(901,361)**	3,269,956
	13,610,459	21,934,459
Effective tax rate		
Profit before tax from operations which are taxable	**81,138,364**	58,236,715
Losses from operations before tax which are not taxable	**(16,404,008)**	(179,819,531)
Profit/(loss) before tax	**64,734,356**	(121,582,816)
Total income tax expense during the year	**13,610,459**	21,934,459
Effective tax rate on profit from operations which are taxable	**17%**	38%

5 INCOME TAX (continued)

Relationship between tax expense and accounting profit:
The relationship between tax expense and the accounting profit is as follows:

	2014 *AED*	*2013* *AED*
Profit/(loss) before tax	**64,734,356**	(121,582,816)
Tax at the domestic rates applicable to profits in the countries where the Group operates	**15,268,566**	18,069,286
Tax effect of non-deductible expenses	**649,198**	757,178
Income not subject to taxation	**(37,677)**	(26,413)
Tax exemption	**(226,060)**	(152,610)
Deduction on tax incentives	**(101,437)**	(99,783)
Over provision in respect of prior year	**(556,454)**	(14,674)
Utilisation of deferred benefit	**(562,251)**	3,560,501
Others	**(823,426)**	(159,026)
	13,610,459	21,934,459

Deferred tax balances
The following is the analysis of deferred tax assets/ (liabilities) presented in the consolidated statement of financial position:

	2014 *AED*	*2013* *AED*
Deferred tax assets	**1,122,273**	176,888
Deferred tax liabilities	**(282,672)**	(1,927,612)
	839,601	(1,750,724)

Current tax liability

Current tax liability included in accounts payable and accruals (note 23)	**18,482,871**	15,552,834

5 INCOME TAX (continued)

The following are the deferred tax liabilities and assets recognised by the Group and the movements thereon:

	Differences In Depreciation AED	*Unrealised foreign exchange AED*	*Carry forward losses AED*	*Intangible assets AED*	*Other general provision AED*	*Total AED*
Deferred tax assets (net)						
At 1 January 2013	28,944	-	3,633,431	-	527,665	4,190,040
Credit/(charged) to profit or loss for the year	147,614	-	(3,310,477)	-	-	(3,162,863)
Others	-	-	-	-	(527,665)	(527,665)
Exchange difference	330	-	(322,954)	-	-	(322,624)
At 31 December 2013	176,888	-	-	-	-	176,888
Credit/(charged) to profit or loss for the year	757,081	(55,492)	-	-	(58,267)	643,322
Others	(12,301)	-	-	-	304,629	292,328
Exchange differences	17,333	-	-	-	(7,598)	9,735
At 31 December 2014	**939,001**	**(55,492)**	**-**	**-**	**238,764**	**1,122,273**

	Differences In Depreciation AED	*Unrealised foreign exchange AED*	*Carry forward losses AED*	*Intangible assets AED*	*Other general provision AED*	*Total AED*
Deferred tax liabilities						
At 1 January 2013	191,030	26,050	-	(52,099)	2,505,829	2,670,810
Charged/(credit) to profit or loss for the year	46,311	34,733	-	17,366	8,683	107,093
Others	-	-	-	-	(841,089)	(841,089)
Exchange differences	-	(9,202)	-	-	-	(9,202)
At 31 December 2013	237,341	51,581	-	(34,733)	1,673,423	1,927,612
Charged/(credit) to profit or loss for the year	(221,968)	(44,394)	-	33,295	(24,971)	(258,038)
Others	-	-	-	-	(1,333,933)	(1,333,933)
Exchange differences	(9,444)	(7,187)	-	1,438	(37,776)	(52,969)
At 31 December 2014	**5,929**	**-**	**-**	**-**	**276,743**	**282,672**

6 PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year is stated after charging:

	2014 *AED*	*2013* *AED*
Staff costs	**481,777,028**	438,781,421
Depreciation	**40,954,713**	41,659,945
Operating leases	**23,200,157**	21,186,899

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year of 607,860,365 shares (2013: 607,860,365 shares), which represent the outstanding shares of 614,726,448 (note 18) net of treasury shares of 6,866,083 (note 19).

8 PROPERTY, PLANT AND EQUIPMENT

2014	*Land and buildings AED*	*Machinery and equipment AED*	*Motor vehicles AED*	*Furniture and office equipment AED*	*Operating equipment and site tools AED*	*Site equipment AED*	*Caravans AED*	*Capital work-in-progress AED*	*Total AED*
Cost:									
At 1 January 2014	313,007,416	192,192,129	20,426,868	76,978,820	580,968	1,639,664	811,541	62,038,026	667,675,432
Transfers	55,067,678	-	-	-	-	-	-	(55,067,678)	-
Additions	13,092,793	3,865,786	422,942	2,800,663	-	129,497	-	310,872	20,622,553
Disposals	(2,411,302)	(1,294,620)	(1,587,798)	(7,454,927)	-	(48,140)	-	-	(12,796,787)
Exchange differences	(8,616,466)	(5,216,381)	(164,833)	(1,977,760)	(10,415)	-	(2,580)	(85,245)	(16,073,680)
Assets disposed on loss of control	-	(26,809)	(205,653)	(2,693,028)	-	-	-	-	(2,925,490)
At 31 December 2014	**370,140,119**	**189,520,105**	**18,891,526**	**67,653,768**	**570,553**	**1,721,021**	**808,961**	**7,195,975**	**656,502,028**
Depreciation:									
At 1 January 2014	104,212,505	106,380,319	18,980,888	49,576,597	354,553	1,629,217	239,037	-	281,373,116
Charge for the year	18,274,592	13,155,773	1,067,494	8,331,163	18,132	77,735	29,824	-	40,954,713
Disposals	(2,411,302)	(1,269,615)	(1,554,498)	(6,900,064)	-	(34,604)	-	-	(12,170,083)
Exchange differences	(808,894)	(3,136,255)	(222,270)	(1,054,036)	(8,955)	-	(1,904)	-	(5,232,314)
Assets disposed on loss of control	-	(3,776)	(205,653)	(1,691,678)	-	-	-	-	(1,901,107)
At 31 December 2014	**119,266,901**	**115,126,446**	**18,065,961**	**48,261,982**	**363,730**	**1,672,348**	**266,957**	**-**	**303,024,325**
Net carrying amount:									
At 31 December 2014	**250,873,218**	**74,393,659**	**825,565**	**19,391,786**	**206,823**	**48,673**	**542,004**	**7,195,975**	**353,477,703**

8 PROPERTY, PLANT AND EQUIPMENT (continued)

2013	*Land and buildings AED*	*Machinery and equipment AED*	*Motor vehicles AED*	*Furniture and office equipment AED*	*Operating equipment and site tools AED*	*Site equipment AED*	*Caravans AED*	*Capital work-in-progress AED*	*Total AED*
Cost:									
At 1 January 2013	257,498,337	169,107,723	22,198,267	71,088,252	617,522	2,650,995	817,349	75,053,576	599,032,021
Additions*	54,061,266	19,706,868	1,644,716	6,336,750	8,875	1,446,346	2,865	1,325,271	84,532,957
Disposals	(118,723)	(1,075,842)	(3,396,221)	(5,100,830)	(45,429)	(2,457,677)	(8,673)	(336,972)	(12,540,367)
Transfers	3,300,543	5,106,552	-	4,933,983	-	-	-	(13,341,078)	-
Exchange differences	(1,734,007)	(653,172)	(19,894)	(279,335)	-	-	-	(662,771)	(3,349,179)
At 31 December 2013	313,007,416	192,192,129	20,426,868	76,978,820	580,968	1,639,664	811,541	62,038,026	667,675,432
Depreciation:									
At 1 January 2013	77,337,320	92,156,289	19,014,552	43,133,504	374,549	1,340,496	178,021	-	233,534,731
Charge for the year	13,565,359	14,595,493	1,601,806	10,227,258	20,393	1,588,620	61,016	-	41,659,945
Transfers	-	681,528	-	(681,528)	-	-	-	-	-
Disposals	-	(969,756)	(1,506,677)	(3,367,693)	-	(1,299,899)	-	-	(7,144,025)
Impairment loss	13,500,000	485,318	44,142	304,954	-	-	-	-	14,334,414
Exchange differences	(190,174)	(568,553)	(172,935)	(39,898)	(40,389)	-	-	-	(1,011,949)
At 31 December 2013	104,212,505	106,380,319	18,980,888	49,576,597	354,553	1,629,217	239,037	-	281,373,116
Net carrying amount:									
At 31 December 2013	208,794,911	85,811,810	1,445,980	27,402,223	226,415	10,447	572,504	62,038,026	386,302,316

* Included within additions are assets acquired totalling AED 58 million which have been accounted for in accordance with IFRS 3 (see note 26).

Net book value of land and buildings amounting to AED 37.6 million (2013: AED 43.8 million) and equipment amounting to AED 6.0 million (2013: AED 6.6 million) are secured by the bank as collateral for loans (Note 21).

8 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge has been allocated in the consolidated income statement as follows:

	2014 ***AED***	*2013* *AED*
Contract cost	**29,739,918**	30,202,509
General and administrative expenses	**11,214,795**	11,457,436
	40,954,713	41,659,945

9 INTANGIBLE ASSETS

2014

	Brand name *AED*	*Customer relationships* *AED*	*Contracts on hand* *AED*	*Others* *AED*	*Total* *AED*
Cost:					
At 1 January	97,586,297	76,007,652	43,835,120	71,139,919	288,568,988
Additions	-	-	-	1,739,631	1,739,631
At 31 December 2014	**97,586,297**	**76,007,652**	**43,835,120**	**72,879,550**	**290,308,619**
Accumulated amortisation:					
At 1 January 2014	44,318,961	59,627,122	43,835,120	49,446,814	197,228,017
Charge for the year	5,207,681	6,522,175	-	6,390,240	18,120,096
At 31 December 2014	**49,526,642**	**66,149,297**	**43,835,120**	**55,837,054**	**215,348,113**
Carrying amount					
At 31 December 2014	**48,059,655**	**9,858,355**	**-**	**17,042,496**	**74,960,506**

2013

	Brand name *AED*	*Customer relationships* *AED*	*Contracts on hand* *AED*	*Others* *AED*	*Total* *AED*
Cost:					
At 1 January 2013	97,586,297	76,007,652	43,835,120	71,139,919	288,568,988
At 31 December 2013	97,586,297	76,007,652	43,835,120	71,139,919	288,568,988
Accumulated amortisation:					
At 1 January 2013	24,647,629	51,613,546	43,773,807	42,506,540	162,541,522
Charge for the year	6,522,548	6,897,376	61,313	6,940,274	20,421,511
Impairment	13,148,784	1,116,200	-	-	14,264,984
At 31 December 2013	44,318,961	59,627,122	43,835,120	49,446,814	197,228,017
Carrying amount					
At 31 December 2013	53,267,336	16,380,530	-	21,693,105	91,340,971

10 GOODWILL

Goodwill has been allocated for impairment testing purposes in 2013 to the following cash generating units (CGU) which was primarily determined based on management's strategic business structure i.e. regional offices (ROs):

	2013 *AED*
Dubai	123,576,972
Abu Dhabi	40,398,331
Asia	186,698,204
Specialised Manufacturing (previously known as "Europe")	37,492,188
	388,165,695

During the year the Group has re-assessed its cash generating units and re-allocated goodwill to new CGUs based on a relative value approach using revenue for the year. Goodwill allocated to the new CGUs is as follows:

	2014 ***AED***
Depa Interiors LLC	**84,672,299**
Lindner Middle East LLC	**16,494,663**
Depa Al Barakah LLC	**6,602,816**
Depa Décoration, Contracting & General Maintenance LLC	**8,106,402**
Depa Saudi Contracting and Interior Design LLC	**5,753,083**
Depa Qatar Company WLL	**21,472,999**
Dragoni International LLC	**5,065,847**
Deco Emirates LLC	**8,094,911**
Pino Meroni Wooden and Metal Industries SAE	**861,646**
Depa Industrial Group (DIG) LLC	**5,209,151**
Carrara Mideast Industrial Co. LLC	**6,842,212**
Vedder GmbH	**32,291,462**
Design Studio Group Ltd.	**83,009,614**
Depa Design Studio Ltd.	**61,016,395**
Parker Middle East FZE	**11,310,230**
The Parker Company (Shanghai) Limited	**1,741,526**
The Parker Company LLC - USA	**29,620,439**
	388,165,695
Less: Impairment loss on goodwill	**(5,065,847)**
	383,099,848

Annual test for impairment

Management has carried out an impairment test of goodwill at the year-end and has concluded that impairment exists for one CGU as of 31 December 2014. For this purpose, the recoverable amount of each RO has been estimated by an independent expert, and is based on a value-in-use calculation using cash flow projections approved by senior management and covering a five-year period. Value-in use is re-allocated to new CGUs based on relative value approach using revenue for the year of each entity.

Management concurred to the expert's calculation of the value in use of goodwill at 31 December 2014 and concluded an impairment loss of AED 5,065,847 (2013: Nil).

10 GOODWILL (continued)

Key assumptions used for calculation of value-in-use
The calculation of value in use is sensitive to the following assumptions:

- Growth rate
- Profit margins, and
- Discount rate

Growth rate: Estimates are based on forecasted growth rates in the industry and historical performance of each RO. An average growth rate of 6% per annum (2013: 8% per annum) has been applied.

Profit margins: Estimates are based on assumption of achieving a stabilised level of performance based on the contracts in hand and expected orders. The effect of changes in economic conditions and the level of activity in the construction industry would impact the profit margins.

Discount rate: average discount rates used throughout the assessment period was 12% per annum (2013: 14% per annum), reflecting the CGU's estimated weighted average cost of capital and specific market risk profile and cost of debt. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

Sensitivity to changes in assumptions
With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions (growth rate, profit margin and discount rate) would cause the carrying value of the CGU, including goodwill, to materially exceed its recoverable amount.

11 INVESTMENT IN ASSOCIATES

Details of the Group's associates are as follows:

Name of associate	Principal activities	Place of incorporation and operation	Ownership interest 2014	Ownership interest 2013
Al Tawasoul Property Development Company	Property management and development	United Arab Emirates	15.60%	15.60%
Jordan Wood Industries PLC	Manufacturing of furniture	Jordan	36.41%	36.41%
Decolight Trading LLC	Trading of electrical and decoration materials	United Arab Emirates	45.10%	45.10%
Polypod Middle East LLC	Assembly of bathroom pods or other types of pods	United Arab Emirates	40.00%	40.00%

Although the Group holds less than 20% in Al Tawasoul Property Development Company, the Group exercises significant influence by virtue of its contractual right to appoint directors to the board of the investee.

In 2013, the Group had disposed of its investment in Thailand Carpet Manufacturing Public Company Limited for consideration of AED 29,216,886, and had realised a gain on disposal of investment amounting to AED 7,151,763, which had been recognised in the consolidated statement of profit or loss.

11 INVESTMENT IN ASSOCIATES (continued)

Movement in investment in associates during the year is as follows:

	2014 *AED*	*2013* *AED*
At 1 January	**64,342,024**	103,537,855
Share of profit, net	**1,214,859**	1,652,387
Dividends/payments received	**(2,255,000)**	(4,783,095)
Impairment loss	**(3,265,262)**	(14,000,000)
Disposal	**-**	(22,065,123)
At 31 December	**60,036,621**	64,342,024

Summarised financial information in respect of the Group's associates is set out below:

	2014 *AED*	*2013* *AED*
Current assets	**104,817,481**	120,528,021
Non-current assets	**227,817,592**	237,793,767
Total assets	**332,635,073**	358,321,788
Current liabilities	**(62,989,016)**	(67,661,486)
Non-current liabilities	**(91,789,455)**	(93,294,408)
Total liabilities	**(154,778,471)**	(160,955,894)
Net assets	**177,856,602**	197,365,894
Group's share of net assets of associates	**55,095,719**	56,945,517
Total revenue	**160,257,331**	177,844,050
Total profit for the year	**8,807,533**	5,149,874
Group's share of profit and total comprehensive income of associates	**1,214,859**	1,652,387

The investment in associate in Decolight Trading LLC includes loan receivable amounting to AED 10,517,658 (2013: AED 12,772,658).

Included in the investment value of associates is goodwill amounting to AED 4,940,904 (2013: AED 7,396,507).

The Group had assessed that the investments in its associates was impaired by AED 3,265,262 (2013: AED 14,000,000) and had charged to consolidated statement of profit or loss.

The fair value of the investment in JWICO as at 31 December 2014, based on listed bid prices, was AED 15,310,728 (2013: AED 23,747,002). Management is of the opinion that the investment in associate is not impaired.

12 AVAILABLE FOR SALE INVESTMENTS

	2014 *AED*	*2013* *AED*
At 1 January	**22,860,168**	29,612,617
Additions during the year	**-**	147,551
Impairment loss	**(608,725)**	(6,900,000)
At 31 December	**22,251,443**	22,860,168

The Group has available-for-sale investments in Saraya Holdings Limited and in Al Futtaim Mena Real Estate Shari'a Development Fund ('Al Futtaim Fund'). The investment in Saraya Holdings Limited has been impaired in 2014 by AED 608,725 (2013: AED 6,900,000), resulting in a carrying value of AED 3,881,940 (2013: AED 4,490,665). The carrying value of the investment in the Al Futtaim Fund is AED 18,369,503 (2013: AED 18,369,503). Management believes that the carrying values of these investments approximate their fair value.

13 HELD TO MATURITY INVESTMENTS

Held to maturity investment amounting to AED 8,753,089 (2013: AED 8,127,952) represents Anka's Sukuk Bonds ("Sukuk") issued by Anka's Sukuk Limited (Nakheel P.J.S.C) included under non-current assets. These sukuk bonds are carried at amortised cost and earn a profit margin of 10% per annum (2013: 10% per annum) which will be redeemed upon maturity on 31 August 2016.

14 INVESTMENT PROPERTIES

The Group's investment properties consist of three residential villas in Morocco acquired from settlement of the outstanding receivables from its customer during the year. The fair value and carrying value of the investment properties as at 31 December 2014 amounted to AED 6,616,401.

Investment properties are valued by qualified independent property valuation firm based on the market value of the relevant region in which the property is located. The property valuation firm is specialised in valuing these types of investment properties. The fair value stated in the report is determined using transaction observable in the market (level 3). Management believes that no reasonable changes in assumptions used will result in any risk of impairment. As at 31 December 2014, none of these investment properties are revalued.

15 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2014 *AED*	*2013* *AED*
Trade receivables	**527,451,215**	574,330,913
Amounts due from related parties (note 24)	**16,228,533**	5,777,480
Advances to subcontractors and suppliers	**120,513,874**	130,668,709
Contract retentions	**248,153,347**	235,654,070
Prepayments	**19,707,871**	21,169,987
Guarantees encashed by customers	**76,625,138**	133,614,552
Other receivables and current assets	**140,464,560**	107,500,390
	1,149,144,538	1,208,716,101
Less: Allowances for doubtful trade receivables, contract retention and guarantees encashed by customers	**(156,799,444)**	(208,094,406)
	992,345,094	1,000,621,695

Trade receivables represent amounts due from customers for contract work rendered by the Company and duly certified by the customers.

15 ACCOUNTS RECEIVABLE AND OTHER ASSETS (continued)

Contract retentions represent amounts withheld by the customers in accordance with contract terms and conditions. These amounts are to be repaid upon fulfilment of contractual obligations.

Other receivables and current assets balance include refundable deposits amounting to AED 18,332,606 (2013: AED 17,685,945), margin deposits amounting to AED 7,594,702 (2013: AED 20,892,663) and tax receivables amounting to AED 36,618,223 (2013: AED 29,922,465).

The encashed guarantees (advance payment and performance bond guarantees) are related to certain contracts cancelled by the Group's customers in 2012. A significant portion of this balance relates to one of the Group's overseas customer where it was publicly announced by a related party to the Group's customer of the intention to file a claim against the Group. The Group is confident based on legal advice received to date that there is no merit to such a claim. No legal proceedings have been initiated against the Group as of the date of issuance of these consolidated financial statements in relation to this claim. See also note 25.

These encashed guarantees were payable on demand, and on payment by the banks concerned, management has recorded these encashed guarantees as receivables, pending resolution of the disputes. In 2013, the Group served its notice of intent to proceed to arbitration in respect of these cancelled contracts. Based on independent expert advice and continuing legal counsel opinions, management have provided an allowance for doubtful debts for all trade receivables, contract retentions and guarantees encashed by customers which, based on management's assessment, may not be recovered in full.

In 2013, and following the decision to proceed to arbitration, the advance payment guarantee en-cashed during 2012, and included in trade receivables, had been offset against the advance received, previously presented in creditors as there was a legal right to set off.

The movement in the allowance for doubtful trade receivables, contract retention and guarantees encashed by customers during the year is as follows:

	2014	*2013*
	AED	*AED*
At January 1	**208,094,406**	168,298,294
Charge for the year	**11,542,046**	65,322,249
Reversal during the year	**(5,622,163)**	(8,943,191)
Amounts transferred/written off	**(14,332,425)**	(16,582,946)
Loss of control	**(42,882,420)**	-
At 31 December	**156,799,444**	208,094,406

There has been no allowance established for any of the other current assets.

The average credit period on contract revenue is 90 days. No interest is charged on the trade receivables. Trade receivables more than 90 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Before accepting any new customer the Group assesses the potential credit quality of the customer. Out of the trade receivables balance at the end of year, AED 276 million (2013: AED 301 million) is due from the Group's top 20 customers.

Included in the Group's trade receivable balance are debtors with a carrying amount of AED 187 million (2013: AED 137 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

15 ACCOUNTS RECEIVABLE AND OTHER ASSETS (continued)

As at 31 December, the ageing analysis of trade receivables which are past due not impaired was as follows:

	2014 *AED*	*2013* *AED*
Due for 91-to180 days	**36,581,861**	31,556,655
Due for 181 to 365 days	**42,345,537**	48,331,557
Due for more than 365 days	**108,625,396**	57,915,693
	187,552,794	137,803,905

In determining the recoverability of a trade receivable, the Group considers changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

16 CONSTRUCTION CONTRACTS

	2014 *AED*	*2013* *AED*
Contracts in progress at end of the reporting period		
Amount due from contract customers included in current assets	**489,380,902**	661,966,340
Amount due to contract customers included in accounts payable and accruals (note 23)	**(36,371,858)**	(71,697,566)
	453,009,044	590,268,774
Contract cost incurred plus recognised profits less recognised losses to date	**5,698,563,305**	4,949,260,316
Less: Progress billings	**(5,245,554,261)**	(4,358,991,542)
	453,009,044	590,268,774

The Group's amount due from customers on construction contracts includes amounts which have been recognised as revenue and have not been billed at the end of the reporting period. The Group policy is to bill the customers in accordance with the relevant contract terms, which is generally between 60 to 120 days after completion of the relevant contracts works. The balance is net of impairment allowance amounting to AED 38,237,992 (2013: AED 58,795,353).

The movement in the allowance for amount due from contract customers during the year is as follows:

	2014 *AED*	*2013* *AED*
At January 1	**58,795,353**	24,229,300
Charge for the year	**2,052,457**	28,917,531
Reversal during the year	**(21,660,110)**	(1,167,650)
Amounts transferred/written off	**(949,708)**	6,816,172
At 31 December	**38,237,992**	58,795,353

17 INVENTORIES

	2014 *AED*	*2013* *AED*
Raw materials	**75,231,492**	68,762,607
Finished goods	**4,160,217**	26,457,922
Work in progress	**6,567,877**	7,182,627
Goods in transit	**216,782**	3,262,427
	86,176,368	105,665,583
Less: provision for impairment of inventories	**(11,395,470)**	(12,313,015)
	74,780,898	93,352,568

The movement in the allowance for slow moving and obsolete inventories during the year is as follows:

	2014 *AED*	*2013* *AED*
At 1 January	**12,313,015**	12,235,796
Charge for the year	**161,759**	161,759
Reversal during the year	**(1,079,304)**	(84,540)
At 31 December	**11,395,470**	12,313,015

18 SHARE CAPITAL

The share capital as at 31 December 2014 and 2013 comprises of the following:

	2014 *AED*	*2013* *AED*
Authorised shares:		
5,000,000,000 ordinary shares of AED 1.47 (US$ 0.40) each	**7,350,000,000**	7,350,000,000
Issued and fully paid shares:		
614,726,448 ordinary shares of AED 1.4697 (US$ 0.40) each	**903,434,799**	903,434,799

19 TREASURY SHARES

At 31 December 2014 and 2013, the number of treasury shares held was 6,866,083 amounting to AED 16,493,664.

The fair value of the treasury shares at the reporting date is AED 13,121,085 (2013: AED 17,385,437).

20 STATUTORY RESERVE

In accordance with the Articles of Association of the Company and certain of its subsidiaries, 10% of the profit for the year is transferred to a statutory reserve for each entity. Such transfers are required to be made until the reserve equals 50% of the share capital in each of the subsidiaries. This reserve is not available for distribution, except in circumstances stipulated in the Commercial laws applicable to each entity.

21 BANK BORROWINGS

	2014 *AED*	*2013* *AED*
Bank overdrafts	**63,255,051**	81,078,663
Bank loans	**173,612,872**	217,228,410
Trust receipts and acceptances	**66,089,694**	93,720,590
	302,957,617	392,027,663

	2014 *AED*	*2013* *AED*
The borrowings are repayable as follows:		
On demand or within one year	**207,533,757**	265,272,271
In the second year	**49,505,554**	61,548,674
In the third year and above	**45,918,306**	65,206,718
	302,957,617	392,027,663
Presented in the consolidated statement of financial position as:		
Non-current liabilities	**95,423,860**	126,755,390
Current liabilities	**207,533,757**	265,272,273
	302,957,617	392,027,663

Bank overdrafts
The interest rate on the overdrafts varies between EIBOR plus a margin per annum and the bank base rate plus a margin per annum.

Bank loans
These loans comprise the following:

- A term loan of AED 80,000,000 was taken in 2010 bearing a fixed rate of interest per annum and is repayable in 48 monthly instalments. The outstanding balance has been fully repaid during the year (2013: AED 17,242,736).
- In 2012, the Group obtained a loan from a local bank amounting to AED 211,000 bearing interest at a fixed rate per annum (2013: fixed rate of interest per annum) and maturing in 2014. The interest and principal are payable on a monthly basis. The outstanding balance has been fully repaid during the year (2013: AED 14,945).
- In 2012, the Group obtained a loan facility amounting to AED 60,000,000 for working capital purposes. The loan bears an interest rate of 3 months EIBOR plus a margin, subject to a minimum interest rate per annum. The loan is repayable in 12 equal quarterly instalments. At 31 December 2014, the outstanding balance was AED 15,000,000 (2013: AED 35,000,000).
- In 2012, the Group obtained a loan facility amounting to AED 60,000,000 for working capital purposes. The loan bears interest at a fixed rate and is repayable in 36 equal monthly instalments. At 31 December 2014, the outstanding balance was AED 13,333,333 (2013: AED 33,333,333).
- In 2013, the Group obtained a loan facility of AED 90,000,000 from a local bank for working capital purposes. The loan bears an interest of 3 months EIBOR plus a margin (2013: 3 months EIBOR plus a margin) and is repayable in 12 quarterly instalments from 2 January 2014. At 31 December 2014, the outstanding balance was AED 60,000,000 (2013: AED 90,000,000).

21 BANK BORROWINGS (continued)

Bank loans (continued)

- In 2013, the Group obtained two separate loans in Germany to finance the purchase of fixed assets of Loher amounting to EUR 5,500,000 and EUR 2,500,000, respectively. The loan bears a fixed rate of interest per annum and is payable in 120 monthly instalments, ending 30 May 2023. The outstanding balance of the loan as at 31 December 2014 was AED 23,569,583 (EUR 5,201,957) (2013: EUR 5,413,568 (AED 27,368,293)) and AED 10,290,638 (EUR 2,305,457) (2013: EUR 2,443,578 (AED 12,353,508)), respectively. The loan is secured by way of a charge on the land known as Wallersdorf Str. 17 in Haidlfing.

- In 2013, the Group obtained EUR 400,000 loan in Germany to finance its working capital requirement. The loan is payable in 72 monthly instalment of EUR 6,220. As at 31 December 2014, the outstanding balance of the loan was AED 1,419,318 (EUR 317,976) (2013: EUR 378,913 (2013: AED 1,915,595)).

- During the year, the Group obtained a loan from a local bank amounting to AED 50,000,000 which bears an interest rate of 3 months EIBOR plus margin, subject to a minimum interest rate per annum. The loan is repayable in 12 equal quarterly instalments beginning March 2015. At 31 December 2014, the outstanding balance was AED 50,000,000.

The Group has various debt covenants related to its facilities which require maintaining certain financial ratios within stipulated limits as required by the banks. These financial ratios address the liquidity and capital structure of the Group (see note 25).

Trust receipts

Trust receipts are one of the financing facilities used by the Group for imports. The buyer promises to hold the goods received in the name of the bank arranging the financing, although the bank retains title to the goods until the debt is settled. These facilities are obtained from local banks and the payment terms vary between 30 and 180 days and are subject to interest rates ranging from 4% to 8% per annum (2013: 4% to 8% per annum).

22 PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY

Provision for employee end of service indemnity is made in accordance with the relevant labour laws assuming the maximum payable based on current remuneration and cumulative years of service at the end of the reporting period.

The following tables summarise the components of net benefit expense recognised in the consolidated statement of comprehensive income:

	2014 AED	*2013 AED*
Net benefit expense		
Current service cost	**8,256,434**	21,117,258
Interest cost	**3,112,649**	-
Net expense recognised in the consolidated statement of profit or loss	**11,369,083**	21,117,258
Net actuarial losses recognised in consolidated statement of other comprehensive income	**5,059,743**	-

Changes in the present value of defined benefit obligations is as follows

	2014 AED	*2013 AED*
At 1 January	**59,464,509**	47,266,336
Current service cost	**8,256,434**	21,117,258
Interest cost	**3,112,649**	-
Benefits paid during the year	**(6,475,402)**	(8,919,085)
Benefit obligation transferred	**(423,525)**	-
Actuarial losses recognised in other comprehensive income	**5,059,743**	-
At 31 December	**68,994,408**	59,464,509

22 PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY (continued)

The principal assumptions used in determining the provision for end of service benefit obligations are shown below:

	2014	*2013*
Discount rate per annum compound	**6%**	6%
Salary increase rate per annum compound		
Staff	**5%**	5%
Workers	**5%**	5%

23 ACCOUNTS PAYABLE AND ACCRUALS

	2014	*2013*
	AED	*AED*
Trade payables	**216,981,402**	262,960,128
Amounts due to related parties (note 24)	**29,586,521**	104,017,514
Advances received	**314,604,837**	407,404,368
Sub-contractors' retentions	**64,374,818**	71,807,970
Accrued expenses	**277,306,520**	242,970,190
Amount due to customers on construction contracts (note 16)	**36,371,858**	71,697,566
Income tax payable	**18,482,871**	15,552,834
Other payables	**157,864,781**	109,686,783
	1,115,573,608	1,286,097,353

The average credit period on purchases of goods is 60-120 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Other payables mainly include employee related payables of AED 23,553,747 (2013: AED 39,826,077), and withholding and other taxes of AED 19,749,336 (2013: AED 12,646,446).

Advances received from certain customers during the previous financial year, have in this financial year, been offset against advance payment guarantee en-cashed, which were previously presented in receivables (note 15).

24 RELATED PARTIES

Transactions between the Company and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note. Related parties include Directors, Shareholders and key management personnel and entities in which they have the ability to control and exercise a significant influence in financial and operating decisions.

The Group maintains significant balances with related parties which arise from commercial and non-commercial transactions. The types of related party transactions are described below.

Commercial transactions:
The Group receives and provides services to related parties in the normal course of business. These services consist of construction/fit-out work, leasing office space or land, use of specialised skills on certain projects, and use of employees from related party entities. In addition, the Group purchases supplies and inventory from certain related parties.

24 RELATED PARTIES (continued)

Commercial transaction (continued)
The tables below summarise amounts due to and due from related parties, as well as amounts included in costs of sales and management remuneration.

	2014 *AED*	*2013* *AED*
Amounts due from related parties (note 15)		
Joint Operations		
Amounts due from joint operating partner – Lindner Depa Interiors LLC	**12,418,538**	-
Amounts due from joint operating partner – Lindner Middle East LLC	**219,813**	-
Other related parties		
Entities with common ownership and management		
Decolight Trading Co. L.L.C., United Arab Emirates	**331,547**	3,199,536
Al Tawasoul Property Development Company L.L.C.,	**8,800**	-
Others	**2,693,167**	2,021,276
Receivable from key management personnel	**556,668**	556,668
	16,228,533	5,777,480
Included in trade receivables, contract retention and amounts due from/(to) customers on construction contracts are the following related party balances		
Entities with common ownership and management		
Arabtec Construction L.L.C., United Arab Emirates	**135,751,549**	129,332,351
Drake & Scull International, United Arab Emirates	**101,439,764**	84,584,358
HAMG Real Estate LLC, United Arab Emirates	**8,412,817**	17,481,474
Al Futtaim Engineering Egypt SAE, Egypt	**11,214,230**	19,911,982
	256,818,360	251,310,165
Less: Allowance for doubtful related party receivables	**(1,435,000)**	(1,435,000)
	255,383,360	249,875,165

The allowance for doubtful debt relates to work performed for a related party entity, where the Group was acting as a subcontractor in a back to back arrangement for the ultimate customer.

	2014 *AED*	*2013* *AED*
Amounts due to related parties (note 23)		
Joint Operations		
Amounts due to joint operating partner - CCC	**13,501,232**	8,597,154
Other related parties		
Entities with common ownership and management		
Al Tawasoul Property Development Company L.L.C.,	**-**	261,313
Linder AG, Germany	**3,456,586**	69,309,897
Mazrui Holding L.L.C.	**2,875**	186,348
Jordan Wood Industries PLC, Jordan	**1,721,992**	2,521,454
Other	**92,578**	-
Loans from related parties		
Lindner Fassaden GmbH, Germany	**10,811,258**	23,141,348
	29,586,521	104,017,514

24 RELATED PARTIES (continued)

	2014 *AED*	*2013* *AED*
Amounts due to related parties (note 23) (continued)		
Included in advances received are the following related party balances		
Entities with common ownership and management		
Arabtec Construction L.L.C., United Arab Emirates	**12,151,336**	11,458,986
Drake & Scull International, United Arab Emirates	**10,005,055**	405,850
Al Futtaim Engineering Egypt SAE, Egypt	**722,310**	2,456,764
	22,878,701	14,321,600
Shown under non-current liabilities		
Due to a shareholder	**1,964,628**	2,103,930

The loan from Lindner Fassaden GmbH, Germany is due for repayment in 2015 and pays a fixed rate of interest.

During the prior years, the Group has provided a loan to Decolight Trading LLC which bears 4.5% interest per annum and has no fixed repayment terms. The interest on the loan has been waived by until 30 June 2014. As at 31 December 2014, the outstanding loan to Decolight amounted to AED 10,517,658 (2013: AED 12,772,658).

	2014 *AED*	*2013* *AED*
Related party transactions		
Entities with common ownership and management		
Revenue	**207,817,932**	237,858,782
Direct cost	**44,213,781**	268,865,591
Finance cost	**227,936**	443,259
Other income	**-**	316,702

Compensation of key management personnel

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

	2014 *AED*	*2013* *AED*
Short-term benefits	**40,250,158**	41,885,164
Long term benefits	**973,512**	7,534,880
Director's fees	**1,680,000**	1,801,301
	42,903,670	51,221,345

25 COMMITMENTS AND CONTINGENCIES

	2014 *AED*	*2013* *AED*
Letters of credit	**38,848,863**	99,672,970
Letters of guarantee	**875,612,160**	814,412,495
Security cheques issued	**35,723,006**	28,054,846

25 COMMITMENTS AND CONTINGENCIES (continued)

Letters of credit are issued by various financial institutions which the Group deals with and they provide an irrevocable payment undertaking to suppliers against complying documents as stated in the letters of credit. The facilities are mainly initiated to facilitate dealings with foreign suppliers.

Letters of guarantee are issued by various financial institutions and they mainly take the form of performance bond and advance payment guarantees. The Group issues various guarantees to clients for whom projects are executed, whereby if the Group fails to execute according to specifications laid out by the client, the latter is guaranteed compensation for monetary losses.

The above letters of credit and guarantee were issued in the normal course of business.

The security cheques were issued in lieu of performance bond for a project.

The Group is in compliance with majority of agreed financial covenants in respect of banking facilities; however, a few financial covenants with commercial banks are in breach. None of the facilities concerned have been withdrawn to date. Management meet with the banks monthly or quarterly as part of their risk management strategy and all the concerned banks are aware of the breaches which impact their facilities and management are confident, based on the ongoing dialogue with the concerned banks, that they will be able to re-negotiate the terms and financial covenants set out in respect of these facilities and that there is no impact of these breaches on the guarantees that are currently in place with various contractors and employers nor on the financial statements.

Legal cases
The Group companies are defendants in a number of legal proceedings which arose in the normal course of business. The Group does not expect that the outcome of such proceedings either individually or in the aggregate will have a material effect on the Group's operations, cash flows or financial position.

26 ACQUISITION OF SUBSIDIARIES

The Group has entered into purchase agreements to acquire equity interests in a number of companies. The Group uses the purchase method to account for these acquisitions, with the results of the subsidiaries being consolidated from the date of acquisition.

Acquisition of shares in Design Studio
The Group has entered into an agreement with a non-controlling shareholder in the subsidiary Design Studio, whereby, 7,000,000 shares in the subsidiary will be purchased by the Group in tranches over the years from 2013 to 2015. The non-controlling shareholder is also key management personnel of the subsidiary. During the year, 2 million shares (2013: 3 million shares) have been acquired representing 0.77% of the shares (2013: 1.15% of the shares) in the subsidiary, for consideration of AED 3.7 million (2013: AED 5.7 million).

Acquisition of shares in Depamar SARL and Depa Industrial Group Morocco
In 2013, the Group has also acquired the non-controlling interests in Depamar SARL, Morocco and Depa Industrial Group Morocco, Morocco. The entire shareholding from the non-controlling interests of 20% and 0.5% in Depamar SARL, Morocco and Depa Industrial Group Morocco, Morocco, respectively, has been transferred to the Group for no purchase consideration.

Changes in the Company's ownership interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions, as these represent transactions with owners in their capacity as owners. As a result, the carrying amounts of the controlling and non-controlling interests were adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received were recognised directly in equity and attributed to the owners of the Company.

26 ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of Loher, Germany

In June 2013, the Group acquired certain assets of Loher Raumexklusiv GmbH (Loher) and formed Vedder Munich GmbH, Depa Munich GmbH & Co. K.G. and Wallersdorfer Solar GmbH, wholly owned subsidiaries (together referred to as Loher Group) for this purpose. Synergies are expected to arise from this acquisition as Loher was one of the leading companies in Germany for yacht and aircraft interior fit out and is similar in business to the Group's existing operations. This transaction has been assessed as a business combination under IFRS 3: Business Combinations, and therefore management has determined the fair values of the assets acquired as follows:

	June 2013 fair values AED'000
Land	6,426
Buildings	28,421
Solar panels	12,125
Machinery and equipment	11,024
Inventory	340
Total estimated fair value of assets acquired	58,336
Consideration paid	(41,327)
Bargain purchase	17,009

This bargain purchase arose due to Loher filing for bankruptcy and therefore the sale was a distressed sale. The bargain purchase gain has been recognized in the consolidated statement of profit or loss.

For the period from acquisition to 31 December 2013, Loher Group has recognized the following revenues and profits as a result of the acquired business combination:

	Period ended 31 December 2013 AED'000
Revenues	62,953
Profit	124

27 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

(a) Proportion of equity interest held by non-controlling interests

	2014 AED	*2013 AED*
Design Studio Group Ltd.	**10.97%**	11.73%

27 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

(b) Accumulated balances of material non-controlling interest

	2014 AED	*2013 AED*
Design Studio Group Ltd.	**31,946,920**	34,436,817

(c) Profit allocated to material non-controlling interest

	2014 AED	*2013 AED*
Design Studio Group Ltd.	**6,535,357**	4,166,126

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations:

(d) Summarised consolidated statement of profit or loss of Design Studio Group Ltd.

	2014 AED	*2013 AED*
Revenue	**548,714,035**	522,641,834
Gross profit	**119,252,462**	89,628,538
Profit before tax	**73,638,577**	45,020,218

(e) Summarised consolidated statement of financial position of Design Studio Group Ltd.

	2014 AED	*2013 AED*
Current assets	**378,625,219**	350,985,011
Current liabilities	**163,562,859**	149,366,666
Non-current assets	**89,156,331**	104,219,581
Non-current liabilities	**5,929**	280,238

(f) Summarised statement of cash flows of Design Studio Group Ltd.

	2014 AED	*2013 AED*
Operating	**60,575,278**	78,479,487
Investing	**(1,324,477)**	(3,518,825)
Financing	**(49,023,053)**	(22,322,089)
Increase in cash and cash equivalents	**10,227,748**	52,638,573

During the year, Design Studio declared and paid dividends amounting to AED 7,719,645 (2013: AED 6,564,729) to the non-controlling interests.

28 SEGMENT INFORMATION

(a) A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

For Management purposes, the Group is organized into three operating businesses: contracting, manufacturing and procurement. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The principal products and services of each of these businesses are as follows:

Construction	•Interior fit outs of hotels, villas, residential hospitalities •Decoration works, interior and exterior finishing for hospitalities and cruise ships
Manufacturing	•Wooden doors, wardrobes, furniture and decoration •Interior decoration partitions, false ceilings •Cutting, processing, polishing of marble and granite
Procurement	•Procurement services to hospitalities for FFE &OSE

The following is the analysis of the Group's segments as at 31 December 2014 and 2013:

31 December 2014

	Contracting AED	*Manufacturing AED*	*Procurement AED*	*Total AED*
Revenues	**925,013,853**	**1,175,498,606**	**39,414,915**	**2,139,927,374**
Gross profit	**56,011,183**	**175,594,594**	**25,983,247**	**257,589,024**
Reportable segment profit for the period	**13,767,566**	**86,371,285**	**5,729,916**	**105,868,767**
Depreciation	**10,327,297**	**26,189,721**	**241,533**	**36,758,551**
Amortisation	**-**	**-**	**-**	**-**
Reportable segment assets	**1,538,525,828**	**1,256,962,558**	**105,678,529**	**2,901,166,915**
Reportable segment liabilities	**1,369,549,816**	**715,965,331**	**79,021,202**	**2,164,536,349**
Capital expenditure	**3,495,889**	**4,807,402**	**391,769**	**8,695,060**

28 SEGMENT INFORMATION (continued)

31 December 2013

	Contracting AED	*Manufacturing AED*	*Procurement AED*	*Total AED*
Revenues	1,394,123,380	1,047,092,298	37,634,110	2,478,849,788
Gross profit	36,092,943	130,894,355	15,586,236	182,573,534
Reportable segment (loss)/profit for the period	(124,671,396)	39,209,344	1,337,599	(84,124,453)
Depreciation	14,187,505	18,324,685	541,958	33,054,148
Amortisation	-	-	715,127	715,127
Reportable segment assets	1,754,040,181	1,237,801,959	81,839,860	3,073,682,000
Reportable segment liabilities	1,662,113,854	679,511,214	58,816,945	2,400,442,013
Capital expenditure	4,682,535	67,811,672	16,311	72,510,518

Reconciliation of reportable segment revenues, contract profit, profit or loss, assets and liabilities

	2014 AED	*2013 AED*
Revenues		
Total revenues for reportable segments	**2,139,927,374**	2,478,849,788
Elimination of intersegment revenues	**(199,678,519)**	(160,447,080)
Group's revenues	**1,940,248,855**	2,318,402,708
Gross profit		
Total contract profit for reportable segments	**257,589,024**	182,573,534
Head office	**1,681,752**	4,720,513
Group's gross profit	**259,270,776**	187,294,047
Profit/(loss)		
Total profit/(loss) for reportable segments	**105,868,767**	(84,124,453)
Other corporate expenses	**(56,744,870)**	(64,113,339)
Elimination of intersegment expenses	**-**	4,720,517
Group profit/(loss)	**49,123,897**	(143,517,275)

Included within the Group's loss in 2013 are impairment of AED 14 million which is related to an associate within the 'Contracting' segment and the 'Dubai' segment and an impairment of AED 13.5 million which relates to a land in one of the Group's subsidiaries.

28 SEGMENT INFORMATION (continued)

	2014 AED	*2013 AED*
Depreciation		
Total depreciation for reportable segments	**36,758,551**	33,054,148
Head office	**4,196,162**	8,605,797
Group's depreciation expense	**40,954,713**	41,659,945
Amortisation		
Total amortisation for reportable segments	**-**	715,127
Head office	**18,120,096**	19,706,384
Group's amortisation	**18,120,096**	20,421,511
Capital expenditure		
Total capital expenditure for reportable segments	**8,695,060**	72,510,518
Head office	**11,927,493**	12,022,439
Group's capital expenditure	**20,622,553**	84,532,957

	2014 AED	*2013 AED*
Assets		
Total assets for reportable segments	**2,901,166,915**	3,073,682,000
Corporate assets	**763,387,151**	812,977,239
Elimination of intersegment receivables	**(683,085,161)**	(677,260,319)
Group's assets	**2,981,468,905**	3,209,398,920
Liabilities		
Total liabilities for reportable segments	**2,164,536,349**	2,400,442,013
Corporate liabilities	**10,475,489**	29,561,297
Elimination of intersegment payables	**(683,085,161)**	(677,260,319)
Group's liabilities	**1,491,926,677**	1,752,742,991

28 SEGMENT INFORMATION (continued)

(b) The Group operates in four main geographical segments, namely, Dubai, Abu Dhabi, Asia and Rest of the world. The following table shows the Group's geographical segment analysis:

31 December 2014

	Dubai AED	*Abu Dhabi AED*	*Asia AED*	*Rest of the world AED*	*Elimination AED*	*Total AED*
External revenue	**411,397,848**	**626,825,023**	**588,128,950**	**513,575,553**	**(199,678,519)**	**1,940,248,855**
Gross profit	**55,966,241**	**22,400,548**	**145,235,710**	**35,668,277**	**-**	**259,270,776**
Profit / (loss) for the year	**(21,086,923)**	**(12,059,561)**	**69,775,788**	**23,915,855**	**(11,421,262)**	**49,123,897**
Assets	**3,953,535,343**	**826,942,017**	**606,849,542**	**580,188,086**	**(2,986,046,083)**	**2,981,468,905**
Liabilities	**665,982,944**	**722,489,767**	**271,600,931**	**514,938,196**	**(683,085,161)**	**1,491,926,677**
Equity	**3,287,552,399**	**104,452,250**	**335,248,611**	**65,249,890**	**(2,302,960,922)**	**1,489,542,228**

31 December 2013

	Dubai AED	*Abu Dhabi AED*	*Asia AED*	*Europe AED*	*Elimination AED*	*Total AED*
External revenue	827,070,949	678,171,088	560,275,945	413,331,805	(160,447,079)	2,318,402,708
Gross Profit	51,348,872	22,832,416	105,214,774	3,177,472	4,720,513	187,294,047
Profit / (loss) for the year	(76,920,317)	(23,558,917)	36,142,325	(67,512,287)	(11,668,079)	(143,517,275)
Assets	4,101,158,660	794,446,843	537,044,452	635,213,787	(2,858,464,822)	3,209,398,920
Liabilities	939,018,622	723,454,069	208,463,849	559,066,770	(677,260,319)	1,752,742,991
Equity	3,162,140,038	70,992,774	328,580,603	76,147,017	(2,181,204,503)	1,456,655,929

(c) Information about major customer
Included in revenues arising from construction amounting to AED 0.9 billion (2013: AED 1.4 billion) is a revenue of approximately AED 165 million which arose from contracts to the Group's largest customer during the year. No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

(d) Restatement of prior period information
The Group has restated the presentation of segment information in the prior period to correspond to the current year presentation.

29 CASH AND CASH EQUIVALENTS

	2014 *AED*	*2013* *AED*
Cash on hand	**7,522,429**	5,395,648
Bank balances:		
Current accounts	**300,295,557**	238,658,088
Short term fixed deposits	**50,640,841**	111,182,780
Term deposits	**2,187,235**	11,958,492
Restricted cash	**73,822,625**	32,148,475
Margin money	**6,451,998**	-
Cash and bank balances	**440,920,685**	399,343,483
Short term deposits with maturity over three months	**(2,187,235)**	(11,958,492)
Restricted cash	**(73,822,625)**	(32,148,475)
Margin money	**(6,451,998)**	-
Bank overdraft	**(63,255,051)**	(81,078,663)
Cash and cash equivalents	**295,203,776**	274,157,853

Cash accounts include AED 73,822,625 (2013: AED 32,148,475) of restricted cash held on behalf of the Group's customers. This restricted cash cannot be used for the Group's operations.

Cash and bank balances at 31 December 2014 include fixed term deposits that have maturity period of more than three months, amounting to AED 2,187,235 (2012: AED 11,958,492) and carry fixed rates of interest (2013: fixed rates of interest).

30 JOINT OPERATIONS

The Group has interest in the following joint operations:

Name of Joint Operations	**Principal activities**	**Place of incorporation and/or operation**	**Ownership interest**	
			2014	2013
Depa / CCC – SKMC, Morocco joint operation project	Contracting	Morocco	**50%**	50%
Depa / CCC and GTGCE - The Presidential Palace joint operation Project	Contracting	United Arab Emirates	**50%**	50%
Lindner Depa Interiors LLC ("LDI")	Manufacturing and trading in interior decoration partition and false ceiling products	United Arab Emirates	**51%**	-
Lindner Middle East LLC ("LME")	Trading of false ceilings, building and construction materials, tiles, flooring materials, decoration material and partition	United Arab Emirates	**51%**	-

The Group is entitled to a proportionate share of the joint operation assets and revenues and bears a proportionate share of the liabilities and expenses.

30 JOINT OPERATIONS (continued)

The following amounts are included in the Group's consolidated financial statements as a result of the Group's rights to the assets, returns, and obligations for liabilities relating to the joint operations.

	2014 *AED*	*2013* *AED*
Current assets	**189,974,855**	99,296,693
Non-current assets	**9,721,661**	8,010,294
Current liabilities	**193,655,303**	46,730,967
Non-current liabilities	**315,935**	534,279
Contingent liabilities	**36,551,072**	99,296,693
Revenue	**245,232,118**	122,675,678
Expenses	**218,172,302**	111,099,137
Income for the year	**26,678,236**	11,576,541

Effective 1 January 2014, the Group signed an understanding with existing non-controlling shareholder of Lindner Depa Interiors LLC and Lindner Middle East LLC whereby both parties share all interest (e.g. rights, title or ownership) in the assets, share all liabilities, obligations, costs and expenses relating to the entity, are liable for claims raised by third parties and share the profit or loss relating to the entities in proportion to the parties' ownership interest in the entities. Accordingly, the Group has lost its control on these two subsidiaries and considered to account for its interests in these entities as joint operations. The effect of de-consolidation in relation to loss of control over these entities as at 1 January 2014 is as follows:

	LDI *AED*	*LME* *AED*	*Total* *AED*
Assets			
Property, plant and equipment	**348,439**	**675,946**	**1,024,385**
Inventories	**-**	**8,332**	**8,332**
Accounts receivable and other assets	**18,326,957**	**49,104,797**	**67,431,754**
Cash and bank balances	**673,063**	**5,822,146**	**6,495,209**
	19,348,459	**55,611,221**	**74,959,680**
Liabilities			
Employees' end of service indemnity	**(329,493)**	**(94,032)**	**(423,525)**
Subcontractors' retention	**(3,943,529)**	**-**	**(3,943,529)**
Trade payables and accruals	**(62,516,709)**	**(34,040,436)**	**(96,557,145)**
	(66,789,731)	**(34,134,468)**	**(100,924,199)**
Net movement on account of loss of control	**(47,441,272)**	**21,476,753**	**(25,964,519)**

31 OPERATING LEASE ARRANGEMENTS

At the reporting date, the Company had an outstanding commitment under a non-cancellable property lease, which falls due as follows:

	2014	*2013*
	AED	*AED*
Due within 1 year	**9,266,826**	8,376,828
Due within 2 to 5 years	**10,921,245**	10,441,731
Longer than 5 years	**28,566,621**	29,572,099
	48,754,692	48,390,658

32 RISK MANAGEMENT

The Group's principal financial liabilities, comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's principal financial assets include investment in associates, trade and other receivables, available-for-sale investments and cash and cash equivalents, which arise directly from its operations.

The Group's treasury function co-ordinates access to domestic and international functional markets and monitors and manages the financial risk exposure relating to the operations of the Group.

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk, fair value interest rate risk and foreign currency risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with high profile well known customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Trade and other receivables from major customers is AED 368 million (2013: AED 301 million) which represents 70% (2013: 52%) of the total trade and other receivables at the end of the reporting period. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The amount that best represents maximum credit risk exposure on consolidated financial assets at the end of the reporting period, in the event counterparties failing to perform their obligations generally approximates their carrying value. Trade and other receivables, amounts due from customers for constructions contracts and balances with banks are not secured by any collateral.

32 RISK MANAGEMENT (continued)

Interest rate risk
The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group plans to enter into derivative financial instruments to manage interest rate risk in the future. The Group's exposures to interest rates on financial liabilities are majorly detailed in note 21.

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Group's profit before tax (through the impact on floating rate borrowings). There is no direct impact on the Group's equity. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate borrowings.

	Changes in basis points to AED %	*Effect on profit before tax AED*
2014		
Interest-bearing instruments	**+50**	**339,571**
	-50	**(339,571)**
2013		
Interest-bearing instruments	+50	966,000
	-50	(966,000)

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

As of 31 December 2014, financial liabilities as disclosed below are based on existing contractual repayment arrangements of one year from the end of the reporting period except for bank borrowings, whose maturity profile is disclosed in note 21.

Liquidity risk tables
The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal and expected interest cash flows:

At 31 December 2014

	Average interest rate	***With in one year AED***	***1-2 year AED***	***2-3 years AED***	***> 3 years AED***	***Total AED***
Variable interest bearing instruments	4%-5%	**50,677,422**	**48,652,857**	**17,107,104**	**-**	**116,437,383**
Fixed interest bearing instruments	2.5%-5%	**168,892,934**	**3,649,903**	**3,578,931**	**28,030,049**	**204,151,817**
Non-interest bearing instruments		**764,596,914**	**-**	**-**	**-**	**764,596,914**
		984,167,270	**52,302,760**	**20,686,035**	**28,030,049**	**1,085,186,114**

32 RISK MANAGEMENT (continued)

Liquidity risk (continued)

At 31 December 2013

	Average interest rate	*With in one year AED*	*1-2 year AED*	*2-3 years AED*	*> 3 years AED*	*Total AED*
Variable interest bearing instruments	2.5%-8%	128,321,398	30,000,000	30,000,000	-	188,321,398
Fixed interest bearing instruments	2%	160,092,221	31,548,674	4,051,367	31,155,351	226,847,613
Non-interest bearing instruments		787,708,691	-	-	-	787,708,691
		1,076,122,310	61,548,674	34,051,367	31,155,351	1,202,877,702

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currencies. Thus, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	31 December 2014		*31 December 2013*	
	Liabilities AED	***Assets AED***	*Liabilities AED*	*Assets AED*
Azerbaijan New Mana't	**22,359,446**	**83,534**	21,772,478	6,971,187
Bahraini Dinar	**14,087,691**	**8,695,609**	16,524,924	12,872,996
British Pound	**17,286,436**	**5,881,728**	24,313,508	12,800,033
Egyptian pound	**54,944,476**	**41,503,189**	55,236,497	42,701,200
Euro	**293,200,140**	**411,321,960**	298,177,595	406,873,190
Indian Rupee	**37,297,038**	**26,038,730**	54,808,711	30,595,661
Moroccan Dirham	**58,126,232**	**72,173,229**	182,383,136	125,332,918
Qatari Riyal	**86,542,991**	**98,670,894**	67,675,646	97,176,224
Saudi Riyal	**161,466,656**	**173,658,264**	129,151,881	158,603,504
Singaporean Dollar	**163,568,788**	**467,781,550**	149,646,904	455,204,592
Syrian Pound	**922,890**	**1,352,339**	889,395	1,698,046
US Dollars	**51,393,242**	**76,220,781**	45,005,370	66,799,778

The Group is mainly exposed to United States Dollars (USD), Qatari Riyals (QR), Saudi Riyals (SR), Indian Rupee (INR), Moroccan Dinar (MAD), Egyptian Pound (LE), Bahraini Dinar (BHD), Singaporean Dollar (SGD), Euro, British Pound (GBP), Azerbaijan New Mana't (AZN) and Syrian Pound (SYP). Due to the AED, QR, and SR being pegged to the USD, management believes that no currency fluctuation risk exist on these currencies.

At 31 December 2014, if the INR, MAD, LE, BHD, SGD, Euro, GBP, AZN and SYP had weakened by 10% against the AED, with all other variables held constant, net equity at year end would have been lower by AED 37,923,807 (2013: AED 29,129,667) mainly as a result of foreign exchange loss on translation of INR, MAD, LE, BHD, SGD, Euro, GBP, AZN and SYP denominated outstanding balances.

Capital management
The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013. Capital comprises of issued share capital, share premium, reserves, and accumulated losses and is measured at AED 1,463,354,316 (2013: AED 1,448,843,369).

32 RISK MANAGEMENT (continued)

Gearing ratio
The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of maximum 10-20% determined as the proportion of net debt to equity through the issue of new debt, acquisitions and the payment of dividends.

The gearing ratio at the year-end was as follows:

	2014 *AED*	*2013* *AED*
Cash and bank balances	**440,920,685**	399,343,483
Debt	**(302,957,617)**	(392,027,663)
Net cash	**137,963,068**	7,315,820
Equity	**1,463,354,316**	1,448,843,369
Net debt to equity ratio	-	-

Debt is defined as long-and short-term borrowings, as detailed in note 21. Equity includes all capital and reserves of the Group.

33 FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities as follows;

	2014 *AED*	*2013* *AED*
Financial assets		
Investment in associates	**60,036,621**	64,342,024
Available-for-sale investments	**22,251,443**	22,860,168
Held to maturity investments	**8,753,089**	8,127,952
Investments at fair value through profit or loss	**-**	550
Loans and receivables (including cash and cash equivalent)	**1,293,044,032**	1,340,342,641
Total	**1,384,085,185**	1,435,673,335
Financial liabilities		
Trade payables and other liabilities	**735,010,392**	698,546,995
Related party borrowings	**31,551,149**	106,121,444
Bank borrowings	**302,957,617**	392,027,663
Total	**1,069,519,158**	1,196,696,102

At the reporting date there are no significant concentration of credit risk for loans and receivables designated at FVTPL. The carrying amount reflected above represent the Group’s maximum exposure to credit risk for such loans and receivables.

33 FINANCIAL INSTRUMENTS (continued)

Fair value of financial assets and liabilities
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Differences can therefore arise between book value under the historical cost method and fair value estimates.

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) the carrying amounts approximate their fair value. This applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Valuation of all financial instruments, where these are recorded at fair value, is based on quoted market prices. The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs create the following fair value hierarchy:

Following the amendment to IFRS 7, all financial instruments that are required to be measured at fair value (subsequent to initial recognition) should be disclosed in a fair value hierarchy or grouping into 3 levels (Levels 1 to 3) based on the degree to which the fair value is observable.

Level 1 fair values are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices, and Level 3 are those that are derived from valuation techniques using unobservable inputs.

34 COMPARATIVE FIGURES

Prior year figures shown in the consolidated statement of cash flows have been reclassified, wherever necessary, to conform to the current presentation of the consolidated statement of cash flows.

35 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by management and authorised for issue on 28 April 2015.