

BASE PROSPECTUS



ICD SUKUK COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)
U.S.\$2,500,000,000
Trust Certificate Issuance Programme

Under the trust certificate issuance programme described in this Base Prospectus (the “Programme”), ICD Sukuk Company Limited (in its capacity as issuer, the “Issuer” and, in its capacity as trustee, the “Trustee”), subject to compliance with all applicable laws, regulations and directives, may from time to time issue trust certificates (the “Trust Certificates”), each of which shall represent an undivided ownership interest in the relevant Trust Assets (as defined below), in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Trust Certificates may only be issued in registered form. The maximum aggregate face amount of all Trust Certificates from time to time outstanding under the Programme will not exceed U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described in the Programme Agreement.

Each Tranche (as defined herein) of Trust Certificates issued under the Programme will be constituted by (i) an amended and restated master trust deed (the “Master Trust Deed”) dated 29 December 2016 entered into between the Issuer, the Trustee, Investment Corporation of Dubai (“ICD”) and Citicorp Trustee Company Limited as delegate of the Trustee (the “Delegate”) and (ii) a supplemental trust deed (the “Supplemental Trust Deed”) in relation to the relevant Tranche. Trust Certificates of each Series (as defined herein) confer on the holders thereof from time to time (the “Certificateholders”) the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the “Trust”) over certain assets including, in particular, the rights, title, interests, benefits and entitlements of the Trustee in, to and under the Lease Assets of the relevant Series (the “Lease Assets”) (as set out in (i) an amended and restated master lease agreement (the “Master Lease Agreement”) dated 29 December 2016, entered into between the Trustee and ICD (in its capacity as lessee, the “Lessee”) and the Delegate and (ii) a supplemental lease agreement (as may from time to time be replaced in accordance with the provisions of the Sale Undertaking, the Purchase Undertaking and/or the Substitution and Purchase of Additional Assets Undertaking (each as defined herein), the “Supplemental Lease Agreement”) for the relevant Series between the same parties) together with the right to receive the Deferred Sale Price under each Murabaha Transaction (as defined herein), if any, relating to such Series (such assets forming part of the “Trust Assets” for the relevant Series).

The Trust Certificates may be issued on a continuing basis to one or more of the Dealers specified under “General Description of the Programme” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a “Dealer” and together the “Dealers”), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “relevant Dealer” shall, in the case of an issue of Trust Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Trust Certificates.

The Trust Certificates will be limited recourse obligations of the Issuer. An investment in Trust Certificates issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.

This Base Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”) as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the “Prospectus Directive”). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (“EU”) law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Trust Certificates issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the “Irish Official List”) and trading on its regulated market (the “Main Securities Market”). The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (“MiFID”).

This Base Prospectus has been approved by the Dubai Financial Services Authority (the “DFSA”) under Rule 2.6 of the DFSA’s Markets Rules (the “Markets Rules”) and is therefore an Approved Prospectus for the purposes of Article 14 of the Markets Law 2012 (DIFC Law No. 1 of 2012) (the “Markets Law”). Application has also been made to the DFSA for Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the “DFSA Official List”) maintained by the DFSA and to Nasdaq Dubai for such Trust Certificates to be admitted to trading on Nasdaq Dubai. References in this Base Prospectus to Trust Certificates being listed (and all related references) shall mean that (a) such Trust Certificates have been admitted to trading on the Main Securities Market and have been admitted to the Irish Official List and/or (b) such Trust Certificates have been admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List.

The Programme provides that Trust Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, ICD and the relevant Dealer. The Issuer may also issue unlisted Trust Certificates and/or Trust Certificates not admitted to trading on any market.

Notice of the aggregate face amount of the Trust Certificates, periodic distribution amounts (if any) payable in respect of the Trust Certificates, the issue price of the Trust Certificates and certain other information which is applicable to each Tranche will be set out in a final terms document (the “applicable Final Terms”) which, with respect to Trust Certificates to be listed on the Irish Stock Exchange, will be delivered to the Central Bank and the Irish Stock Exchange and, with respect to Trust Certificates to be listed on Nasdaq Dubai, will be delivered to the DFSA and Nasdaq Dubai.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Issuer and ICD. The DFSA has also not assessed the suitability of the Trust Certificates to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are *Shari’a* compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Trust Certificates to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The Trust Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable security laws of any state of the United States. For a description of certain restrictions on offers and sales of Trust Certificates and on the distribution of this Base Prospectus, see “Subscription and Sale”.

The Issuer and ICD may agree with any Dealer that Trust Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Trust Certificates herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Trust Certificates.

The transaction structure relating to the Trust Certificates (as described in this Base Prospectus) has been approved by the Shari’a Supervisory Board of Citi Islamic Investment Bank E.C., the Executive Committee of the Fatwa & Shariah Advisory Board of Dubai Islamic Bank PJSC, the J.P. Morgan Shariah Supervisory Committee and the Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Trust Certificates and should consult their own *Shari’a* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Shari’a* principles.

Arrangers and Dealers

Citigroup

Dubai Islamic Bank PJSC

J.P. Morgan

National Bank of Abu Dhabi P.J.S.C.

Standard Chartered Bank

The date of this Base Prospectus is 29 December 2016.

This Base Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules and comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

Each of the Issuer and ICD accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Trust Certificates issued under the Programme. To the best of the knowledge of the Issuer and ICD (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Tranche of Trust Certificates will be issued on the terms set out herein under “*Terms and Conditions of the Trust Certificates*” as completed by the applicable Final Terms. This Base Prospectus must be read and construed together with any supplements hereto, and, in relation to any Tranche of Trust Certificates, the applicable Final Terms.

Copies of Final Terms will be available from the registered office of each of the Issuer and ICD and the specified office set out below of the Principal Paying Agent (as defined below).

Certain information contained in “*Risk Factors – Risks relating to ICD*”, “*Relationship with the Government*”, “*Description of ICD and the Group*” and “*Overview of the United Arab Emirates and the Emirate of Dubai*” (as indicated therein) has been extracted from independent, third party sources. Each of the Issuer and ICD confirms that all third party information contained in this Base Prospectus has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

None of the Dealers (as defined under “*Subscription and Sale*”), the Agents or the Delegate has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer, the Trustee or ICD in connection with the Programme. To the fullest extent permitted by law, no Dealer, Agent or the Delegate accepts any responsibility for the contents of this Base Prospectus or for any other statement made, or purported to be made, by any Dealer, Agent or the Delegate or on its behalf in connection with the Trustee, ICD, the Programme or the Trust Certificates. Each Dealer, Agent and the Delegate accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Issuer, ICD, the Dealers, the Agents or the Delegate to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee, ICD, the Dealers, the Agents or the Delegate.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Trust Certificates (a) is intended to provide the basis of any credit or other evaluation save for making an investment decision on the Trust Certificates or (b) should be considered as a recommendation by the Issuer, the Trustee, ICD, the Dealers, the Agents or the Delegate that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or the issue of any Trust Certificates should purchase any Trust Certificates. Each investor contemplating purchasing any Trust Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Trustee and ICD. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Trust Certificates constitutes an offer or invitation by or on behalf of the Issuer, the Trustee, ICD, any of the Dealers, the Agents or the Delegate to any person to subscribe for or to purchase any Trust Certificates.

Neither the delivery of this Base Prospectus nor any sale of any Trust Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein concerning the Issuer and/or ICD is correct as of any time subsequent to the date hereof or that any other

information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate, the Agents and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer, the Trustee or ICD during the life of the Programme or to advise any investor in the Trust Certificates of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Trust Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Trust Certificates may be restricted by law in certain jurisdictions. None of the Issuer, the Trustee, ICD, the Dealers, the Agents or the Delegate represents that this Base Prospectus may be lawfully distributed, or that any Trust Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Trustee, ICD, the Dealers, the Agents or the Delegate which is intended to permit a public offering of any Trust Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Trust Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Trust Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Trust Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the Kingdom of Bahrain, the Cayman Islands, the Dubai International Financial Centre, Japan, Singapore, Hong Kong, Malaysia, the Kingdom of Saudi Arabia, the State of Qatar (excluding the Qatar Financial Centre) and the United Arab Emirates (excluding the Dubai International Financial Centre), see "*Subscription and Sale*".

The Trust Certificates may not be a suitable investment for all investors. Each potential investor in the Trust Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates, the merits and risks of investing in the Trust Certificates and the information contained in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates, including Trust Certificates with principal or profit (howsoever described) payable in one or more currencies, or where the currency for principal or profit (howsoever described) is different from the potential Investor's Currency (as defined herein);
- (d) understands thoroughly the terms of the Trust Certificates and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Trust Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Trust Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Trust Certificates will perform under changing conditions, the resulting effects on the value of the Trust Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

This Base Prospectus has been prepared on the basis that would permit an offer of Trust Certificates with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Trust Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Trust Certificates. Accordingly any person making or intending to make an offer of Trust Certificates in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Trustee, ICD, any Dealer, Agent or the Delegate to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the Trustee nor any Dealer have authorised, nor do they authorise, the making of any offer of Trust Certificates in circumstances in which an obligation arises for the Issuer, the Trustee or any Dealer to publish or supplement a prospectus for such offer.

In making an investment decision, investors must rely on their own independent examination of the Issuer, the Trustee and ICD and the terms of the Trust Certificates being offered, including the merits and risks involved. The Trust Certificates have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Dealers, the Issuer, the Trustee, ICD, the Agents or the Delegate makes any representation to any investor in the Trust Certificates regarding the legality of its investment under any applicable laws. Any investor in the Trust Certificates should be able to bear the economic risk of an investment in the Trust Certificates for an indefinite period of time.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Trust Certificates are legal investments for it, (b) the Trust Certificates can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Trust Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Trust Certificates under any applicable risk-based capital or similar rules.

The language of the Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Base Prospectus.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the issuing entity in such jurisdiction.

STABILISATION

In connection with the issue of any Tranche of Trust Certificates, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Subscription Agreement may over-allot Trust Certificates or effect transactions with a view to supporting the market price of the Trust Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on the Issue Date of the relevant Tranche of Trust Certificates is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Trust Certificates and 60 days after the date of the allotment of the relevant Tranche of Trust Certificates. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF GROUP FINANCIAL INFORMATION

The financial statements relating to the Group (as defined below) referred to in this Base Prospectus are as follows:

- (a) the unaudited interim condensed consolidated financial statements of the Group as of 30 June 2016 and for the six month period then ended, together with the notes thereto and the review report in respect thereof (the “**2016 Interim Financial Statements**”);
- (b) the audited consolidated financial statements of the Group as of 31 December 2015 and for the year then ended, together with the notes thereto and the audit report in respect thereof (the “**2015 Financial Statements**”); and
- (c) the audited consolidated financial statements of the Group as of 31 December 2014 and for the year then ended, together with the notes thereto and the audit report in respect thereof (the “**2014 Financial Statements**” and together with the 2015 Financial Statements and the 2016 Interim Financial Statements, the “**Financial Statements**”).

The 2015 Financial Statements and the 2014 Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board and have been audited by Ernst & Young Middle East (Dubai Branch) (“**EY**”) (who have conducted their audit in accordance with the International Standards on Auditing), as stated in their unqualified reports appearing in this Base Prospectus.

The 2016 Interim Financial Statements have been prepared in accordance with International Accounting Standard (“**IAS**”) No.34, “Interim Financial Reporting”, and have been reviewed by EY in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as stated in their report appearing in this Base Prospectus.

The Group publishes its financial statements in dirham.

RECLASSIFICATION OF CERTAIN FINANCIAL INFORMATION

Certain comparative figures for the year ended 31 December 2014 have been reclassified to conform with the 31 December 2015 presentation or in accordance with the relevant requirement of IFRS. There is no impact on profit for the year ended 31 December 2014 or total equity as at that date and such reclassifications were made to achieve a clearer presentation of the consolidated financial statements.

Unless otherwise stated in this Base Prospectus, (i) all financial information as at and for the year ended 31 December 2014 relating to the Group and included in this Base Prospectus has been extracted from the 2015 Financial Statements, (ii) all financial information as at and for the year ended 31 December 2013 relating to the Group and included in this Base Prospectus has been extracted from the 2014 Financial Statements and (iii) all financial information for the six months ended 30 June 2015 relating to the Group and included in this Base Prospectus has been extracted from the 2016 Interim Financial Statements.

USE OF ALTERNATIVE PERFORMANCE MEASURES

The Group has presented certain information in this Base Prospectus based on non-IFRS alternative performance measures such as the Group’s operating margin. Such alternative performance measures are presented in this Base Prospectus to show the underlying business performance and to enhance comparability between reporting periods. Alternative performance measures should not be considered as a substitute for measures of performance in accordance with the IFRS. The alternative performance measures included in this Base Prospectus are unaudited and have not been prepared in accordance with IFRS or any other accounting standards.

As used in this Base Prospectus, operating margin for a period is the profit for the relevant period before income tax from continuing operations divided by the revenue for that period.

PRESENTATION OF OTHER INFORMATION

In this Base Prospectus, references to:

- “**Group**” are to ICD and its consolidated subsidiaries;
- a “**Member State**” are, unless the context does not permit, references to a Member State of the European Economic Area;
- “**U.S.\$**” or “**U.S. dollars**” are to the lawful currency of the United States;
- “**EUR**”, “**euro**” or “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;
- “**£**” or “**sterling**” are to the lawful currency of the United Kingdom; and
- “**AED**”, “**dirham**” or “**fil**” are to the lawful currency of the UAE. One dirham equals 100 fils.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00. However, the Group translates dirham amounts into U.S. dollars at the rate of AED 3.675 = U.S.\$1.00 in its financial statements and accordingly all U.S. dollar translations of dirham amounts appearing in this document have been translated at this fixed exchange rate, unless stated otherwise. Such translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning ICD’s plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled “*Risk Factors – Risks relating to ICD*”, “*Operating and Financial Review*”, “*Relationship with the Government*” and “*Description of ICD and the Group*” and other sections of this Base Prospectus. ICD has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although ICD believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which ICD has otherwise identified in this Base Prospectus, or if ICD’s underlying assumptions prove to be incomplete or inaccurate, ICD’s actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections “*Risk Factors – Risks relating to ICD*”, “*Operating and Financial Review*”, “*Relationship with the Government*” and “*Description of ICD and the Group*”, which include a more detailed description of the factors that might have an impact on the Group’s business development and on the industry sectors in which the Group operates.

The risks and uncertainties referred to above include:

- ICD’s ability to realise the benefits it expects from existing and future investments it is undertaking or plans to or may undertake;
- ICD’s ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and capital expenditures;

- actions taken by ICD's joint venture partners or associates that may not be in accordance with its policies and objectives;
- the economic and political conditions in the markets in the UAE and the wider region in which ICD operates; and
- changes in political, social, legal or economic conditions in the markets in which ICD and its customers operate.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, ICD expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

NOTICE TO UK RESIDENTS

Any Trust Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Trust Certificates is being addressed to, or directed at: (A) if the Trust Certificates are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Trust Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to the Trust Certificates. Potential investors in the United Kingdom in any Trust Certificates which are not AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Trust Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for any Trust Certificates and this Base Prospectus shall not be construed as an invitation to the public of the Cayman Islands to subscribe for any Trust Certificates.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the “**CBB**”) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “**Capital Market Authority**”).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the Trust Certificates issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Trust Certificates. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in the State of Qatar. The Trust Certificates are not and will not be traded on the Qatar Exchange.

NOTICE TO RESIDENTS OF MALAYSIA

Any Trust Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Trust Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons or in categories falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia (“**CMSA**”). The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer or ICD and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

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OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in any Trust Certificates should be based on a consideration of this Base Prospectus as a whole. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Trust Certificates, is completed by the applicable Final Terms.

The Issuer and ICD may agree with any Dealer and the Delegate (as defined herein) that Trust Certificates may be issued in a form not contemplated by the Terms and Conditions of the Trust Certificates (the “**Conditions**”) herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Trust Certificates.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “*Form of the Trust Certificates*” and “*Terms and Conditions of the Trust Certificates*” shall have the same meanings in this overview.

Certain Transaction Documents are described in more detail in “*Summary of the Principal Transaction Documents*” below.

Issuer, Trustee, Purchaser (under the Master Purchase Agreement), Lessor and Seller (under the Master Murabaha Agreement)..... ICD Sukuk Company Limited, an exempted company incorporated in accordance with the laws of, and formed and registered in, the Cayman Islands. The Issuer has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party.

Seller (under the Master Purchase Agreement), Lessee, Servicing Agent, Obligor and Purchaser (under the Master Murabaha Agreement)..... Investment Corporation of Dubai.

Ownership of the Issuer The authorised share capital of the Issuer is U.S.\$50,000 consisting of 50,000 shares with a nominal value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Issuer’s entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.

Administration of the Issuer.. The affairs of the Issuer are managed by MaplesFS Limited (the “**Issuer Administrator**”), who provide, amongst other things, certain administrative services for and on behalf of the Issuer pursuant to a Corporate Services Agreement dated 1 April 2014 between the Issuer and the Issuer Administrator (the “**Corporate Services Agreement**”).

Risk Factors There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Trust Certificates issued under the Programme and ICD’s ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Trust Certificates issued under the Programme. These are set out under “*Risk Factors*”.

Description Trust Certificate Issuance Programme

Arrangers and Dealers Citigroup Global Markets Limited
Dubai Islamic Bank PJSC
J.P. Morgan Securities plc
National Bank of Abu Dhabi P.J.S.C.
Standard Chartered Bank

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions..... Each Tranche denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Base Prospectus.

Trust Certificates having a maturity of less than one year

Trust Certificates having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or if the Trust Certificates are denominated in a currency other than sterling, the equivalent amount in such currency), see “*Subscription and Sale*”.

Delegate Citicorp Trustee Company Limited

Principal Paying Agent Citibank N.A., London Branch

Registrar Citigroup Global Markets Deutschland AG

Programme Size..... Up to U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and ICD may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Issuance in Series..... Trust Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Trust Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of periodic distribution amounts thereon and the date from which periodic distribution amounts start to accrue.

Distribution Trust Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer, ICD and the relevant Dealer.

Maturities The Trust Certificates will have such maturities as may be agreed between the Issuer, ICD and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price Trust Certificates may be issued on a fully-paid basis and at an issue price as specified in the applicable Final Terms.

Form of Trust Certificates..... The Trust Certificates will be issued in registered form as described in “*Form of the Trust Certificates*”.

Clearance and Settlement Holders of the Trust Certificates must hold their interest in the relevant Global Trust Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and

operating procedures of the relevant clearing systems.

Periodic Distributions	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
Scheduled Redemption of Trust Certificates.....	Unless the Trust Certificates are previously redeemed or purchased and cancelled, the Trust Certificates shall be redeemed by the Issuer at the Final Dissolution Amount specified in the applicable Final Terms together with all accrued and unpaid Periodic Distribution Amounts on the Maturity Date specified in the applicable Final Terms and the relevant Trust will be dissolved by the Trustee following payment of such amount in full.
Dissolution Date.....	The Dissolution Date shall be, as the case may be: (i) following the occurrence of a Dissolution Event (as defined in Condition 13), the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 13; (ii) the Optional Dissolution Date; (iii) the Tax Dissolution Date; (iv) the Certificateholder Put Right Date; (v) the Change of Control Put Date; (vi) the Total Loss Dissolution Date; or (vii) such other date as is specified in the applicable Final Terms for the redemption of Trust Certificates and dissolution of the Trust in whole or in part prior to the Maturity Date.
Dissolution Events	The Dissolution Events are described in Condition 13. Upon the occurrence of any Dissolution Event, the Trust Certificates may be redeemed in full on the applicable Dissolution Date at the applicable Dissolution Amount together with all accrued and unpaid Periodic Distribution Amounts and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 13.
Early Dissolution for Tax Reasons	Upon the occurrence of a Tax Event and subject to certain conditions, the Issuer shall, following receipt of an exercise notice from ICD pursuant to the Sale Undertaking, redeem the Trust Certificates in whole but not in part at an amount equal to the Tax Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts on the relevant Tax Dissolution Date and, if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, the Tax Dissolution Date must be a Periodic Distribution Date.
Optional Dissolution (Call)	If so specified in the applicable Final Terms, ICD may, in accordance with Condition 10.3, require the Issuer to redeem all or some of the Trust Certificates of the relevant Series at the applicable Optional Dissolution Amount together with all accrued and unpaid Periodic Distribution Amounts in accordance with Condition 10.3.
Certificateholder Put Right ...	If so specified in the applicable Final Terms, Certificateholders may, in accordance with Condition 10.5(a), elect to redeem their Trust Certificates on any Certificateholder Put Right Date(s) specified in the applicable Final Terms at the applicable Optional Dissolution Amount together with all accrued and unpaid Periodic Distribution Amounts in accordance with Condition 10.5(a).
Change of Control Put Right.	If so specified in the applicable Final Terms, upon the occurrence of a Change of Control, Certificateholders may, in accordance with Condition 10.5(b), elect to redeem their Trust Certificates on the relevant Change of Control Put Date at the applicable Change of Control Dissolution Amount together with all accrued and unpaid Periodic Distribution Amounts in accordance with Condition 10.5(b).

A “**Change of Control Event**” shall occur each time the government of the Emirate of Dubai (the “**Government**”) or any other department, agency, authority or entity wholly-owned by the Government:

- (i) sells, transfers or otherwise disposes of any of its ownership interest in ICD, other than to an entity directly or indirectly wholly-owned by the Government; or
- (ii) otherwise ceases to own (directly or indirectly) the entire ownership interest in ICD.

Total Loss Event The occurrence of a Total Loss Event will result in the redemption of the Trust Certificates of that Series and the consequent dissolution of the relevant Trust. The Servicing Agent is responsible for ensuring that, in the event of a Total Loss Event occurring, all insurance proceeds in respect thereof are paid in the Specified Currency directly into the relevant Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event.

If the obligations of the Servicing Agent to insure the relevant Lease Assets under the Servicing Agency Agreement are not strictly complied with and, as a result, any insurance amounts paid as aforesaid are less than the Full Reinstatement Value of the Lease Assets (the difference between the amount (if any) paid as aforesaid into the Transaction Account and such Full Reinstatement Value being the “**Total Loss Shortfall Amount**”), the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceedings is not attributable to its negligence or its failing to comply with the terms of the Servicing Agency Agreement relating to insurance) will irrevocably and unconditionally indemnify the Trustee for the Total Loss Shortfall Amount plus all other amounts then due and payable under the Transaction Documents, which will be payable directly into the Transaction Account on the 31st day following the occurrence of the Total Loss Event or, if such day is not a Payment Business Day, on the immediately following Payment Business Day.

For these purposes, “**Full Reinstatement Value**” means, in relation to each Series, the then aggregate face amount of the Trust Certificates plus: (i) an amount equal to the Periodic Distribution Amounts relating to such Trust Certificates, which accrue or would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurs and ending on but excluding the date on which the Trust Certificates are redeemed in full in accordance with Condition 10.4; and (ii) all other amounts then due and payable by the Issuer under the Trust Certificates, *less*, where one or more Murabaha Transactions (as defined herein) forms part of the Asset Portfolio of the relevant Series, the then Total Deferred Sale Price Outstanding of the Series. “**Total Deferred Sale Price Outstanding**” means, from time to time and at any time, in respect of a Series of Trust Certificates and the corresponding Murabaha Transactions (if any), the aggregate amount of the applicable Deferred Sale Price(s) under all Murabaha Transactions (if any) of such Series that has not yet been paid by ICD (as purchaser) to the Trustee (as seller) at the relevant time.

Upon the occurrence of a Total Loss Event, all of the accrued but unpaid Rental pursuant to the relevant Lease Agreement, together with (where one or more Murabaha Transactions form part of the Asset Portfolio of such Series) the then Total Deferred Sale Price Outstanding of the Series, shall be credited to the Transaction Account by the Lessee. The aggregate of

such amounts and any insurance proceeds and/or Total Loss Shortfall Amount are intended to be equal to the aggregate face amount of the Trust Certificates together with all accrued and unpaid Periodic Distribution Amounts.

Cancellation of Trust Certificates held by ICD and/or its Subsidiaries

ICD and/or any of its Subsidiaries may at any time purchase Trust Certificates at any price in the open market or otherwise. Following any purchase of Trust Certificates, ICD or its Subsidiary, as the case may be, may at its option hold or resell such Trust Certificates. Should ICD wish to cancel any Trust Certificates so purchased, it shall deliver an Exercise Notice to the Trustee (in accordance with the terms of the Sale Undertaking) whereupon the Trustee shall, in accordance with the terms of the Sale Undertaking, be obliged to transfer all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Cancelled Lease Assets (as specified in the relevant Exercise Notice) to ICD in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Assets will take effect by ICD and the Trustee entering into a sale agreement (in the form scheduled to the Sale Undertaking). Following the entry into such sale agreement, the Issuer shall procure the cancellation of the relevant Trust Certificates identified for cancellation (the "**Cancelled Trust Certificates**") in the Exercise Notice on the Cancellation Date (which shall be a Periodic Distribution Date).

Pursuant to the Master Murabaha Agreement, the parties thereto have acknowledged and agreed that where ICD or any of its Subsidiaries have purchased Trust Certificates and ICD wishes to cancel such Trust Certificates and issues an Exercise Notice to that effect pursuant to the Sale Undertaking and Condition 10.7, the relevant *pro rata* portion of the Deferred Sale Price(s) corresponding to the Murabaha Transactions relating to such Cancelled Trust Certificates shall be cancelled and no Deferred Sale Price(s) shall be payable in respect of the Cancelled Trust Certificates.

Substitution of Lease Assets by ICD

Pursuant to the Substitution and Purchase of Additional Assets Undertaking, ICD may, at any time (*provided that* a Total Loss Event has not occurred), exercise its option to substitute on any Substitution Date some or all of the relevant Lease Assets with new Tangible Assets (as specified in the relevant Substitution Notice) having a Value which is equal to or greater than the Value of the Lease Assets being substituted.

Purchase of Additional Assets upon issuance of Additional Trust Certificates pursuant to Condition 19

Pursuant to the Substitution and Purchase of Additional Assets Undertaking and in connection with the exercise by the Issuer of its rights under Condition 19 to issue additional Trust Certificates ("**Additional Trust Certificates**"), ICD may require the Trustee to purchase all of ICD's, or as the case may be, the applicable seller entity's, rights, title, interests, benefits and entitlements in, to and under certain Additional Tangible Assets in consideration for the payment by the Trustee (as purchaser) to ICD (as seller) of the purchase price therefor pursuant to the relevant sale agreement (such purchase price being equal to the proceeds of the related issuance of Additional Trust Certificates less, if applicable, the Cost Price (as defined herein) of the Murabaha Transaction entered into in relation to the Additional Trust Certificates, in respect of which see further "*Structure Diagram and Cash Flows – Principal cash flows – Purchase of the Tangible Assets and entry into Murabaha Transactions*").

On the date upon which any sale agreement is entered into in connection with the creation and issuance of Additional Trust Certificates pursuant to the provisions described in the preceding paragraph (being the relevant

Issue Date for that Tranche of Trust Certificates), the Trustee and ICD will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates so created and issued, declaring that the relevant Additional Tangible Assets and the Lease Assets in respect of the relevant Series in existence immediately prior to the creation and issue of the Additional Trust Certificates, together with each Murabaha Transaction (if any) relating to the relevant Series and all other rights arising under or with respect to the relevant Tangible Asset Portfolio and Murabaha Transactions (including the right to receive payment of the Deferred Sale Prices and any other amounts or distributions due in connection with the relevant Tangible Asset Portfolio), are commingled and shall collectively comprise the “**Asset Portfolio**” in respect of the relevant Series and part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Master Trust Deed. In addition, the Trustee and ICD will re-execute the relevant Supplemental Lease Agreement in the manner described in the relevant Additional Tangible Assets Notice delivered in accordance with the Substitution and Purchase of Additional Assets Undertaking.

For the avoidance of doubt, an Asset Portfolio for a relevant Series of Trust Certificates may comprise solely Tangible Assets, without any Issue Proceeds being applied towards any Murabaha Transaction.

Face Amount of Trust Certificate.....

The Trust Certificates will be issued in such face amounts as may be agreed between the Issuer, ICD and the relevant Dealer save that the minimum face amount of each Trust Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions*” above, and save that (i) the minimum face amount of each Trust Certificate listed on the DFSA Official List will be U.S.\$100,000 (or, if the Trust Certificates are issued in a currency other than United States dollars, the equivalent amount in such currency) and (ii) the minimum face amount of each Trust Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Trust Certificates are issued in a currency other than euro, the equivalent amount in such currency).

Taxation.....

All payments by ICD under the Transaction Documents shall be made without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other governmental charges of whatever nature. In the event that any such withholding or deduction is made, ICD will be required to pay additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.

All payments in respect of the Trust Certificates shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Issuer will, save in the limited circumstances provided in Condition 11, be required to pay additional amounts so that the holders of

the Trust Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.

See “*Taxation*” for a description of certain tax considerations applicable to the Trust Certificates.

Negative Pledge..... The Trust Certificates will have the benefit of a negative pledge granted by ICD, as described in Condition 5.2.

Issuer Covenants..... The Issuer has agreed to certain restrictive covenants as set out in Condition 5.

Cross Default..... The Trust Certificates will have the benefit of a cross default provision, as described in Condition 13.

Status of the Trust Certificates Each Trust Certificate will evidence an undivided ownership interest in the Trust Assets of the relevant Series, subject to the terms of the Trust Deed and the Conditions, and will be a direct, unsubordinated, unsecured and limited recourse obligation of the Issuer. Each Trust Certificate of each Series will rank *pari passu*, without any preference or priority, with all other Trust Certificates of such Series.

The payment obligations of ICD under the Transaction Documents to which it is a party will constitute direct, unconditional, unsubordinated and (save as described in “*Negative Pledge*” above) unsecured monetary obligations of ICD and shall (save as aforesaid and for certain obligations required to be preferred by law) rank *pari passu* with all other outstanding unsecured, unsubordinated monetary obligations of ICD, present and future.

Ratings..... Neither the Programme nor ICD are rated by any rating agency.

Certificateholder Meetings A summary of the provisions for convening meetings of Certificateholders of each Series to consider matters relating to their interests as such is set out in Condition 17.

Listing and Admission to Trading This Base Prospectus, as approved and published by the Central Bank, in accordance with the requirements of the Prospective Directive, comprises a Base Prospectus for the purposes of the Prospectus Directive and the Prospectus (Directive 2003/71/EC) Regulations 2005, and for the purpose of giving information with regard to the issue of Trust Certificates issued under this Programme, during the period of 12 months after the date hereof. Application has been made to the Irish Stock Exchange for such Trust Certificates to be admitted to the Irish Official List and to trading on the Main Securities Market.

Application has also been made to the DFSA for Trust Certificates issued under this Programme during the period of 12 months after the date hereof to be admitted to the DFSA Official List and to Nasdaq Dubai for such Trust Certificates to be admitted to trading on Nasdaq Dubai.

Trust Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, ICD and the relevant Dealer in relation to the Tranche. Trust Certificates which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Trust Certificates are to be listed and/or admitted to trading and, if so, on which

stock exchanges and/or markets.

Transaction Documents The Transaction Documents are the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution and Purchase of Additional Assets Undertaking and the Master Murabaha Agreement.

Governing Law and Submission to Jurisdiction..... The Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement and each sale agreement to be entered into pursuant to the Purchase Undertaking, the Sale Undertaking and/or the Substitution and Purchase of Additional Assets Undertaking, as applicable, will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. The parties thereto have consented to arbitration in the DIFC under the LCIA Arbitration Rules. Any dispute may also be referred to the courts of Dubai (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

Each other Transaction Document, the Trust Certificates and any non-contractual disputes arising out of or in connection with the same are governed by, and shall be construed in accordance with, English law. In respect of any dispute under any such Transaction Document to which it is a party or the Trust Certificates, the parties have consented to arbitration in the DIFC under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England or the DIFC (which in each case shall have exclusive jurisdiction to settle any dispute arising from such documents).

Waiver of Immunity ICD has in the Transaction Documents to which it is a party irrevocably and unconditionally with respect to any dispute or proceedings (i) waived any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submitted to the jurisdiction of the Dubai courts (in the case of those Transaction Documents which are governed by the laws of Dubai) or of the English courts and the DIFC courts (in the case of those Transaction Documents which are governed by English law) and the courts of any other jurisdiction (in the case of all Transaction Documents to which it is a party) in relation to the recognition of any judgment or order of the English courts, the DIFC courts, the Dubai courts or the courts of any competent jurisdiction (as applicable) in relation to any dispute or proceedings and (iii) consented to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any proceedings or disputes. Notwithstanding the foregoing, ICD makes no representation as to whether Article 247 of UAE Federal Law No. 11 of 1992 regarding the Law of Civil Procedure will apply to its assets, revenues or property.

Clearing Systems Euroclear and/or Clearstream, Luxembourg or, in relation to any Tranche of Trust Certificates, any other clearing system.

Selling Restrictions There are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the Kingdom of Bahrain,

the Cayman Islands, the DIFC, Japan, Singapore, Hong Kong, Malaysia, the Kingdom of Saudi Arabia, the State of Qatar (excluding the Qatar Financial Centre), the United Arab Emirates (excluding the DIFC) and Malaysia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Trust Certificates, see “*Subscription and Sale*”.

United States Selling

Restrictions.....

Regulation S, Category 2.

RISK FACTORS

Each of the Issuer and ICD believes that the following factors may affect its ability to fulfil its obligations in respect of the Trust Certificates issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor ICD is in a position to express a view on the likelihood of any such contingency occurring. References herein to the “Trustee” shall mean ICD Sukuk Company Limited acting in any capacity, except where the context does not permit.

In addition, factors which are material for the purpose of assessing the market risks associated with Trust Certificates issued under the Programme are also described below.

If any of the risks described below actually materialise, the Issuer, ICD and/or the Group’s business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to occur, the trading price of the Trust Certificates could decline and investors could lose all or part of their investment.

Each of the Issuer and ICD believes that the factors described below represent all the material risks inherent in investing in the Trust Certificates issued under the Programme, but the inability of the Issuer or ICD to pay periodic distribution amounts, principal or other amounts on or in connection with any Trust Certificates may occur for other reasons which may not be considered significant risks by the Issuer and ICD based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer’s ability to fulfil its obligations under Trust Certificates issued under the Programme

The Issuer was incorporated under the laws of the Cayman Islands on 15 January 2014 as an exempted company with limited liability. The Issuer will not engage in (and has not to date engaged in) any business activity other than the issuance of Trust Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity of Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents.

The ability of the Issuer to pay amounts due on any Trust Certificates will be dependent upon receipt by it from ICD of all amounts due under the Transaction Documents to which it is a party which, in the aggregate, may not be sufficient to meet all claims under the relevant Trust Certificates and the Transaction Documents. As a result, the Issuer is subject to all the risks to which ICD is subject, to the extent such risks could limit ICD’s ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents to which it is a party. See “—Factors that may affect ICD’s ability to fulfil its obligations under the Transaction Documents to which it is a party – Risk Factors relating to ICD” for a further description of these risks.

Factors that may affect ICD’s ability to fulfil its obligations under the Transaction Documents to which it is a party

Risks relating to ICD

Risks relating to ICD as an investment company

ICD relies on distributions and other revenue flows from its portfolio companies to meet its financial obligations

ICD conducts its operations principally through, and derives most of its revenues from, its portfolio companies (*i.e.* its subsidiaries, associates and joint ventures) and does not have revenue-generating operations of its own (see further “*Description of ICD and the Group – Operating Model*”). Consequently, ICD’s cash flows and ability to meet its cash requirements, including its obligations in respect of the Trust Certificates, depend upon the profitability of, and cash flows from, its portfolio companies.

ICD’s portfolio companies are not providing guarantees or any other form of security with respect to the Trust Certificates, therefore investors in the Trust Certificates will not have any direct claim on the cash flows or assets of ICD’s portfolio companies in the event of an insolvency of ICD and ICD’s portfolio companies will

have no obligation, contingent or otherwise, to pay amounts due in respect of the Trust Certificates, or to make funds available to ICD to make those payments.

ICD's portfolio companies have incurred debt financing in order to finance their operations and will continue to do so in the future; some of such debt financing could be substantial. In the event of the insolvency of any of ICD's portfolio companies, claims of secured and unsecured creditors of such entity, including trade creditors, banks and other lenders, will have priority with respect to the assets of such entity over any claims that ICD or the creditors of ICD (such as the Certificateholders), as applicable, may have with respect to such assets. Accordingly, if ICD became insolvent at the same time, claims of the Certificateholders against ICD in respect of any Trust Certificates would be structurally subordinated to the claims of all such creditors of ICD's portfolio companies.

The Conditions do not restrict the amount of indebtedness which ICD or its portfolio companies may incur. The terms of the indebtedness of ICD's portfolio companies may contain covenants which prevent or restrict distributions to ICD until such time as the relevant indebtedness has been repaid. The ability of ICD's portfolio companies to pay dividends or make other distributions or payments to ICD will also be subject to the availability of profits or funds for such purpose which, in turn, will depend on the future performance of the portfolio company concerned which is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond their control. In addition, any such portfolio company may be subject to restrictions on the making of such distributions contained in applicable laws and regulations. There can be no assurance that the individual businesses of ICD's portfolio companies will generate sufficient cash flow from operations or that alternative sources of financing will be available at any time in an amount sufficient to enable ICD's portfolio companies to service their indebtedness, to fund their other liquidity needs and to make payments to ICD to enable it to meet its payment obligations in respect of the Trust Certificates.

Almost all of ICD's portfolio companies and other assets are based in the UAE

Almost all of ICD's current investments and assets are based in the UAE. As at 30 June 2016, the majority of ICD's aggregated assets were represented by portfolio companies domiciled in the UAE. The concentration of ICD's assets in the UAE exposes ICD to the prevailing economic and political conditions in the UAE and the Middle East and North Africa ("MENA") region (see further "*Risks relating to Dubai, the UAE and the Middle East*").

Should economic growth or performance in the UAE decline, or should the UAE be affected by political instability in the future, this could have a material and adverse effect on ICD's business, results of operations, financial condition and prospects and, in turn, on the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD may have significant financing or refinancing requirements, the Government is not committed to provide financial or other support to ICD and the Government is not guaranteeing any of ICD's obligations in respect of the Trust Certificates

ICD has in the past made, and anticipates that it may continue to make, significant capital and investment expenditures. ICD intends to finance its future expenditures and financial obligations through borrowings from third parties (including by way of the issue of Trust Certificates under the Programme), cash flow from ICD's portfolio companies and, in certain circumstances, in-kind capital contributions from the Government of Dubai (the "**Government**").

ICD's ability to obtain external financing and the cost of such financing depend on numerous factors, including general economic and market conditions, international interest rates, the availability of credit from banks or other financiers, investor confidence in ICD and the Government, the financial condition of ICD and the performance of the individual businesses of ICD's portfolio companies. There can be no assurance that external financing will be available when required or, if available, that such financing will be obtainable on terms that are commercially acceptable to ICD. Although the Government has, in the past, provided non-monetary contributions to ICD from time to time (primarily in the form of company ownership interests and land grants) to support ICD's investment objectives (see "*Operating and Financial Review – Factors Affecting Results of continuing Operations – Capital*" and "*Relationship with the Government – Funding, Support and Oversight from the Government*"), the Government is not legally obliged to fund any of ICD's investments and accordingly may decide not to do so in the future, even if the Government has previously

approved the funding of the investment concerned. Furthermore, the Government is not guaranteeing any of ICD's obligations in respect of the Trust Certificates and the Certificateholders therefore do not benefit from any legally enforceable claim against the Government (see further "*Risks relating to ICD's relationship with the Government – ICD's financial obligations, including its obligations in respect of the Trust Certificates, are not guaranteed by the Government absent an explicit guarantee*").

If ICD is not able to obtain adequate financing to make capital and investment expenditures in the future, this could have a material and adverse effect on ICD's business, results of operations, financial condition and prospects and therefore on the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD's past performance is not necessarily indicative of its future results and its historical consolidated financial statements may be difficult to compare from one financial period to another due to its investment activity in recent years

ICD's historical financial statements are not necessarily determinative of its likely future cash flows, results of operations or rate of growth, and its past performance should not be relied upon as an indication of its future performance.

In particular, ICD has engaged in sizeable investment and divestment activities in recent years (see further "*Operating and Financial Review – Factors Affecting Results of Continuing Operations – Acquisitions and Disposals*"). Primarily as a result of such investment and divestment activities (including, for instance, the transfer of ownership of Dubai Real Estate Corporation ("**DREC**") from ICD to the Government in June 2011 (see also "*Relationship with the Government – Funding, Support and Oversight from the Government – Management Autonomy*")), the Group's consolidated total assets decreased from AED 620.0 billion as at 31 December 2010 to AED 468.5 billion as at 31 December 2011, more recently increasing to AED 672.3 billion as at 31 December 2014, AED 720.1 billion as at 31 December 2015 and AED 736.8 billion as at 30 June 2016.

ICD's investments may require significant capital and investment expenditures, which are subject to a number of risks and uncertainties

ICD's investments may be highly capital intensive and such expenditure may materially and adversely affect the profits of ICD. ICD's actual capital and investment expenditures may be significantly higher or lower than planned amounts due to various factors, including, among others, unplanned cost overruns by ICD, ICD's ability to generate sufficient cash flows from investments and ICD's ability to obtain adequate financing or, as the case may be, refinancing for its planned capital and investment expenditures. ICD can make no assurances with regard to whether, or at what cost, its planned or other possible investments will be completed.

If any of the foregoing were to occur, ICD's business, results of operations, financial condition or prospects could be materially and adversely affected and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD and its portfolio companies depend significantly on the members of their respective boards of directors and senior management teams and the loss of any director or key member of their existing management teams or the failure to retain and attract qualified and experienced management could have a material adverse effect on ICD's and the Group's businesses

ICD depends significantly on the diligence and skill of its board of directors (the "**Board**") and senior management team for the execution of its investment strategy and final selection, structuring, completion and ongoing management of its investments (including its portfolio companies). In addition, if ICD's portfolio companies are unable to retain experienced, capable and reliable directors and senior and middle management with appropriate professional qualifications, or fail to recruit skilled professionals in line with their growth, their business and financial performance may suffer. This, in turn, may materially and adversely affect the business and financial performance of ICD, which is largely reliant on the sustained profitability and cash flows received from its portfolio companies.

ICD and the Group's continued success depends to a significant extent on the continued service and coordination of the senior management teams at the ICD and Group level. None of these individuals would be

easy to replace at short notice and the departure of any of these individuals could materially and adversely affect ICD's ability to execute its investment strategy and the Group's overall business, results of operations, financial condition and prospects and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD may not be able to manage the growth of the Group successfully

ICD's ability to achieve its investment objectives (see further "*Description of ICD and the Group – Investment Strategy*") will depend on its ability to grow and diversify its investment base, which will depend, in turn, on its ability to identify, invest in and monitor a suitable number of investments and implement the various aspects of its investment strategy. Acquisitions expose ICD to numerous risks, including challenges in managing the increased strategic and financial risks that come with the increased scope and geographic and sector diversity of its portfolio companies and asset classes. In addition, acquired businesses may be loss making when acquired by ICD and, unless and until they become profitable, this may significantly adversely affect the Group's, and therefore ICD's, results of operations in periods after the acquisition is effective and may increase ICD's and/or the Group's funding requirements.

Achieving growth on a cost-effective basis will be, in part, a function of how the investment process is structured, ICD's ability to reinvest its capital and ICD's ability to obtain additional capital on acceptable terms (see also "*Risks relating to ICD as an investment company – ICD may have significant financing or refinancing requirements, the Government is not committed to provide financial or other support to ICD and the Government is not guaranteeing any of ICD's obligations in respect of the Trust Certificates*"). Future growth may place a significant strain on ICD's managerial, operational, financial and other resources. The need to manage ICD's investments may require continued development of procedures and management controls, hiring and training additional personnel, as well as training and retaining its employee base. Such growth may also significantly increase costs, including the cost of compliance arising from exposure to additional activities and jurisdictions.

If ICD is not successful in meeting the challenges associated with any significant acquisitions it may make or managing its growth successfully, this could have a material and adverse effect on ICD's business, results of operations, financial condition or prospects and could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD and the Group are subject to a range of financial risks

ICD and the Group are, and may continue to be, exposed to a range of financial risks including, in particular, the risk of losses arising as a result of adverse changes in interest rates, commodity prices and foreign exchange rates. For example, ICD expects that it and other companies in the Group may seek additional debt financing (including, in the case of ICD, under the Programme) to fund capital and investment expenditure and operations, and the cost of such financing will depend to a great extent on market interest rates. As a result, increases in interest rates in the future, to the extent that their effects are not adequately hedged (see also "*Description of ICD and the Group – Risk Management – Financial Risk*"), will increase ICD's funding costs and ICD's business, results of operations, financial condition or prospects could be materially and adversely affected and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Additionally, although currently almost all of its portfolio value is derived from companies based in the UAE (see "*Risks relating to ICD as an investment company – Almost all of ICD's portfolio companies and other assets are based in the UAE*"), ICD may in the future become more exposed to the risk of currency fluctuations should its portfolio become more geographically diverse over time. In such case, exchange rate movements may have a significant impact on the value of ICD's investments (including the value of its portfolio companies) and ICD's assessment and estimates of future changes in exchange rates and its risk tolerance may impact its ability to protect successfully against currency fluctuations. While ICD may in the future enter into forward foreign exchange contracts to hedge against its exposure to currency fluctuations, ICD cannot give any assurance that any such hedging activities will sufficiently protect it from the adverse effects of such fluctuations. If ICD's currency hedging policies are unsuccessful, the value of investments in ICD's financial results and the income ICD receives could be significantly reduced. This, in turn, could materially and adversely affect ICD's business, results of operations, financial condition or prospects (see also

“– Risks relating to Dubai, the UAE and the Middle East – The Group’s business may be materially and adversely affected if the dirham/U.S. dollar peg were to be removed or adjusted” below).

ICD and the Group are also subject to a range of credit risks, equity price risks and liquidity risks (see generally *“Operating and Financial Review – Qualitative Disclosures about Financial Risk Management”*). Although ICD believes that it has in place appropriate risk management procedures, if any of the foregoing financial risks materialise and are not appropriately managed, ICD’s business, results of operations, financial condition or prospects could be materially and adversely affected and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

During the ordinary course of business, ICD and its portfolio companies may become subject to lawsuits which could materially and adversely affect ICD and the Group

From time to time, ICD and its portfolio companies may in the ordinary course of business be named as defendants in lawsuits, claims and other legal proceedings. These actions may seek, among other things, compensation for alleged losses, civil penalties or injunctive or declaratory relief. In the event that any such action is ultimately resolved against ICD or the relevant portfolio company, the outcome could materially and adversely affect that Group company’s business, financial condition, results of operations and prospects which could consequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect ICD’s and its portfolio companies’ businesses

ICD and its portfolio companies are subject to laws and regulations enacted by national, regional and local governments. Such laws and regulations may relate to licensing requirements, environmental obligations, health and safety obligations, asset and investment controls and a range of other requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time-consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and such changes could have a material adverse effect on the businesses, financial condition, results of operations and prospects of ICD and its portfolio companies. In addition, a failure to comply with applicable laws or regulations could have an adverse effect on the Group’s business, financial condition, results of operations and prospects which could consequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Risks relating to ICD’s investment activities

The Group is dependent on a few portfolio companies for substantially all of its consolidated revenues, and may be subject to revenue volatility experienced by these companies

The Group derives substantially all of its consolidated revenues from a small number of its portfolio companies (for further detail, see *“Description of ICD and the Group – Subsidiaries, Associates and Joint Ventures”*). For the six month period ended 30 June 2016, dnata, Emirates, Emirates NBD PJSC (“**ENBD**”) and Emirates National Oil Company Limited (ENOC) LLC (“**ENOC**”) represented, in aggregate, 87.0 per cent. of the Group’s revenue and 69.0 per cent. of the Group’s profit before tax from continuing operations. Each of these companies is subject to regional and global macro-economic factors. A decrease in the revenue or net profit from any of these companies, or other portfolio company that becomes material to the Group’s operations in the future, could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects which could consequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Certain of the investments made by ICD in companies or joint ventures are non-controlling stakes and ICD may be reliant on the expertise of its co-investors or joint venture partners, which may expose ICD to additional risks

Current or future investments in which ICD does not have, or ceases to have (for example, through divestitures), a controlling stake are subject to the risk that the other shareholders of the company in which the investment is made may have different business or investment objectives to ICD. As a result, such shareholders may have the ability to block and/or control business, financial or management decisions which

ICD believes are crucial to the success of the investment concerned, or may take risks or otherwise act in a manner that does not take into account the interests of ICD.

In addition, any of ICD's joint venture partners may be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements or may experience financial or other difficulties that may materially and adversely affect ICD's investment. In certain of its joint ventures, ICD may be reliant on the particular expertise of its joint venture partners and any failure by any such partner to perform its obligations in a timely and/or diligent manner could also materially and adversely affect ICD's investment. ICD can give no assurance as to the future performance of any of its joint venture partners.

Furthermore, ICD's equity investments in such companies may be diluted if it does not participate in future equity or equity-linked fundraising opportunities.

If any of the foregoing were to occur, ICD's business, results of operations, financial condition or prospects could be materially and adversely affected and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Not all of ICD's current investment portfolio is liquid, which may adversely affect ICD's ability to divest its investments or generate income or gains upon divestment

ICD plays a key role in Dubai's long-term development strategy. Accordingly, the majority of ICD's current investment portfolio (in particular its portfolio companies) are buy and hold investments and it is likely, based on ICD's long-term investment approach (see further "*Description of ICD and the Group – Planning and Investment Process – New Investments Criteria*"), that a significant portion of ICD's future investments will require a long-term commitment of capital to facilitate the implementation of Dubai's development strategy. Additionally, although a material proportion of ICD's standalone total asset value is attributable to portfolio companies that are publicly held (and whose shares are publicly traded), ICD's long-term investment approach and the relative illiquidity of the remainder of its investments (which are privately held) may make it difficult to sell certain investments, and/or to realise the full value of all of its investments, if the need arises or if ICD determines it would be in its best interests to sell. In addition, if ICD were required to liquidate all or a portion of an investment quickly, it may realise significantly less than the carrying value of that investment. Such factors could materially and adversely affect ICD's business, financial condition, results of operations and prospects which could in turn affect its ability and, consequently, the Issuer's ability to perform their respective obligations in respect of any Trust Certificates.

ICD is subject to the industry and business-specific risks faced by its portfolio companies

ICD is an investment company and as such is largely dependent on the operations, revenues and cash flows generated by its portfolio companies and their valuations. ICD's portfolio companies are involved in a diverse range of businesses and operations and are subject to differing risks and challenges, largely depending on the industries in which they operate. ICD is also exposed to the specific risks affecting the projects or assets of its portfolio companies. In addition, ICD's exposure to these industry and business-specific risks may increase proportionally if ICD does not develop or maintain a diversified portfolio of investments.

Examples of the industry and business-specific risks to which ICD's portfolio companies are exposed include:

- the airline industry is a cyclical industry; in addition, recent years have seen increased competition from regional competitors in the Gulf Cooperation Council ("**GCC**") region. Furthermore, a global economic downturn and/or regional political upheaval may also affect the tourism industry. Each of these factors could adversely affect ICD's portfolio companies in the transportation segment (primarily, Emirates, dnata, flydubai and Dubai Aerospace Enterprise (DAE) Limited ("**DAE**"));
- performance of ICD's portfolio companies in the oil and gas products and services segment (primarily, ENOC) is highly dependent on global fuel prices;
- the operations of ICD's portfolio companies in the banking and financial services segment (primarily, ENBD and Dubai Islamic Bank PJSC ("**DIB**")) is influenced by conditions in the global financial markets and macroeconomic trends, as well as the regulatory environment and increased competition in the UAE and GCC financial services sector;

- the aluminium industry is a cyclical industry which has historically experienced significant demand and price volatility and overcapacity. In addition, the industrial manufacturing segment is highly dependent on continued access to an adequate gas supply. These factors can materially affect the performance of ICD's portfolio companies in the industrial sector (primarily, Emirates Global Aluminium PJSC (“**EGA**”) and Dubai Cable Company (Private) Ltd (“**DUCAB**”));
- real estate development projects by ICD's portfolio companies in the real estate sector (primarily, Emaar Properties PJSC (“**Emaar**”), Dubai World Trade Centre Authority (formerly known as Dubai World Trade Centre Corporation, “**DWTC**”) and Ithra Dubai LLC (“**Ithra**”)) involve a number of risks, including:
 - (i) delays or failure in obtaining the necessary governmental and regulatory permits, approvals and authorisation;
 - (ii) significant capital expenditure requirements which may rely on external financing. Costs of such financing is dependent on numerous factors including general economic and capital markets conditions, interest rates and credit availability from financial institutions;
 - (iii) development and construction risks such as shortages and/or increases in the cost of labour, raw materials, building equipment and other necessary supplies (due to rising commodity prices or inflation or otherwise) and/or disputes with contractors and/or subcontractors which may affect their ability to complete the development and construction of the projects on schedule, if at all, or within the estimated budget. In addition, it can take a substantial amount of time before real estate projects become operational and generate revenue;
 - (iv) unforeseen engineering problems and the discovery of design or construction defects and otherwise failing to complete projects according to design specification;
 - (v) adverse weather conditions, natural disasters, accidents, work stoppages, strikes and/or changes in governmental priorities;
 - (vi) defaults by, or the bankruptcy or insolvency of, contractors and other counterparties; and
 - (vii) a fluctuating supply and demand dynamics impacting the real estate market, both in Dubai and internationally. In particular, from 2009 to the end of 2012, and in part reflecting the effects of the global economic crisis, the real estate market in Dubai suffered a significant decline. This decline was manifested in prolonged periods of falling sales prices and rental rates for residential units and falling rental rates for office accommodation before starting to recover in the first half of 2013; and
- the hotel industry exhibits seasonality and may experience fluctuations in revenue generation during certain periods. Additionally, the majority of hotels owned by ICD's portfolio companies, including ICD Hospitality and Leisure LLC (“**ICD H&L**”) and Kerzner International Holdings Limited (“**KIHL**”), are classified as luxury hotels which command higher room rates and are therefore potentially more susceptible to a decrease in revenues in economic downturns (such as the global financial crisis of 2008) as business and leisure travellers may seek to reduce travel costs.

Exposure of ICD's portfolio companies to these and other industry and business-specific risks may have an adverse effect on the business, financial condition, results of operations and prospects of these portfolio companies, which, in turn, may have an adverse effect on the Group's, and consequently ICD's, business, financial condition, results of operations and prospects and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

The industries in which the Group operates are highly competitive

The financial services, transportation, hospitality, energy and industrial (specifically metals and mining) sectors are highly competitive. ICD's portfolio companies compete with companies that may possess greater technical, physical and/or financial resources. For instance, in the case of ENOC, many of its competitors engage not only in oil and gas exploration and production but also have refining operations and market petroleum and other products on an international basis. As a result of these complementary activities, some of

these competitors may have greater and more diverse competitive resources. If, in such cases, the relevant portfolio companies are unable to compete effectively, their business, results of operations, financial condition and prospects could be materially and adversely affected, which could materially and adversely affect the Group's business, results of operations, financial condition and prospects and in turn affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Certain significant portfolio companies of ICD operate in specialised industries and are dependent on their ability to recruit and retain qualified executives, managers and skilled technical personnel and may be exposed to production disruptions caused by labour disputes

Certain significant portfolio companies of ICD, in particular those operating in the transportation, energy and real estate and hospitality sectors, are dependent on the continued services and contributions of their executive officers and skilled technical and other personnel. The businesses of those companies could be adversely affected if they lose the services and contributions of some of these personnel and are unable to adequately replace them, or if they suffer disruptions to their production operations arising from labour or industrial disputes. In addition, these portfolio companies may be required to increase or reduce the number of employees in connection with any business expansion or contraction, in response to changes in the market demand for their products and services. Since these portfolio companies face intense competition for skilled personnel, there can be no assurance that they will be able to recruit and retain skilled personnel in a timely manner. As a result, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected and this could affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD is exposed to risks relating to the various strategic and operational initiatives that its portfolio companies may be pursuing and may not have the relevant information regarding the business operations of its publicly listed portfolio companies

ICD does not direct the commercial or operational decisions of its portfolio companies, each of which are managed by their respective management teams and guided and supervised by their boards of directors.

ICD's portfolio companies may pursue strategic and operational initiatives that are deemed by their respective management teams as being necessary to further their business objectives such as pursuing acquisitions or divestments or undergoing significant operational reorganisations. Failure to execute any of these strategic and operational initiatives or to achieve the intended results could have a material adverse effect on the Group's business, financial condition, results of operations and prospects which could consequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD may pursue investment opportunities in countries in which it has no previous investment experience or in jurisdictions that are subject to greater social, economic and political risks

Almost all of ICD's current investments and assets are based in the UAE (as at 30 June 2016, the majority of ICD's aggregated assets were represented by portfolio companies domiciled in the UAE). However, since its inception, ICD has sought, and continues to seek, new investments internationally, as part of its investment strategy. It may therefore undertake projects and make investments in countries in which it has little or no previous investment experience. As a result, ICD may not be able to assess the risks of investing in such countries adequately, notwithstanding advice from its advisers, and may be unfamiliar with the laws and regulations of such countries applicable to its projects and investments. ICD cannot guarantee that its strategy will be successful in such markets and it could lose some or all of the investment value in its international projects and investments.

In addition, investments made by ICD in emerging markets may involve a greater degree of risk than investments in developed countries. For example, emerging market investments may carry the risk of more volatile equity markets, less favourable and less sophisticated fiscal and commercial regulation, a greater likelihood of severe inflation, currency instability, exchange controls, restrictions on repatriation of profits and capital, corruption, political, social and economic instability (including warfare and civil unrest) and government actions or interventions, including tariffs, royalties, protectionism, subsidies, expropriation of assets and cancellation of contractual rights, than investments in companies based in developed countries.

Investment opportunities in certain emerging markets may also be restricted by legal limits on foreign investment.

If any of the foregoing risks were to occur or if ICD failed to correctly identify the risks associated with an investment, ICD's business, results of operations, financial condition or prospects could be materially and adversely affected and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Economic recessions or downturns could impair the value of ICD's portfolio companies or prevent ICD from increasing its investment base

A significant proportion of ICD's investments are in companies that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, these companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing and/or increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due. Any of the foregoing could cause the value of ICD's affected portfolio companies to decline, in some cases significantly. In addition, during periods of adverse economic conditions, ICD may have difficulty accessing financial markets, which could make it more difficult to obtain funding for additional projects and/or investments and materially and adversely affect its business, financial condition, results of operations and prospects. See further "*—Risks relating to Dubai, the UAE and the Middle East – ICD and the Group are subject to general political and economic conditions in Dubai, the UAE and the Middle East*".

Following the 2008-2009 global financial crisis, financial markets in the United States, Europe and Asia experienced a period of unprecedented turmoil and upheaval characterised by extreme volatility and declines in security prices, severely diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from governments worldwide. These circumstances were further exacerbated by the deteriorating economic situation in certain European countries during such period, political instability, turmoil and conflict in the MENA region and natural disasters or other catastrophic events. Such challenging market conditions have resulted at times in greater volatility, reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets

More recently, during the second half of 2015 and the first quarter of 2016, global debt and equity markets experienced increased volatility due to increased uncertainty in the macro-economic climate with international equity markets being particularly impacted by the economic slowdown in emerging markets generally and in East Asia. During August 2015, the Shanghai composite index lost approximately 16 per cent. of its value over a two-day period, with European and U.S. equity markets also affected. The impact was felt in the UAE with each of the Abu Dhabi Securities Exchange ("**ADX**") General Index and the Dubai Financial Market ("**DFM**") index falling by approximately 5 per cent. and 16 per cent., respectively, between 31 December 2014 and 31 December 2015.

Additionally, international oil prices have witnessed a significant decline since mid-2014, with the OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by the OPEC countries) declining from a monthly average of U.S.\$107.89 in June 2014 to a monthly average of U.S.\$26.50 in January 2016, before partially recovering to U.S.\$45.84 in June 2016. The prevailing low international prices for hydrocarbon products have had a significant adverse effect on the oil-revenue dependent GCC economies, resulting in reduced fiscal budgets and public spending plans for 2016, together with increased budgetary deficits across the GCC (in respect of the UAE, the International Monetary Fund (the "**IMF**") expects the federal budget deficit for 2016 to run to approximately 3.5 per cent. of GDP, a widening of the 2.1 per cent. deficit against GDP from 2015, primarily owing to the decline in oil prices resulting in reduced government income).

As at the date of this Base Prospectus, the prevailing macroeconomic climate has prompted reduced fiscal budgets and public spending plans for 2016 and 2017 in the UAE and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices, the effects of the economic downturn in emerging markets generally and the broader impact this has had on global debt and equity markets, and the current uncertainty surrounding levels of interest rates across global markets. For example, the decision of the U.S. federal reserve to raise interest rates in December 2015 (with further rate

rises expected before the end of 2016 or in early 2017) could adversely impact ICD's net profit margins and borrowing costs. The business, results of operations, financial condition and prospects of ICD (and, particularly, ICD's portfolio companies operating in the financial sector) may be materially adversely affected by a continuation of the generally challenging economic conditions and uncertainty in the other countries of the GCC and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

In addition, the UK held a referendum on 23 June 2016 in which a majority voted to leave the European Union ("**Brexit**"). At this point it is not possible to say with any certainty when, or the terms on which, Brexit might take place or the likely effect that the eventual outcome or the withdrawal process may have on the UK, the European Union (the "**EU**") or other economies or markets, including that of the UAE. However, the announcement of the referendum result itself did result in increased volatility in global financial and foreign exchange markets and in a sharp fall in the value of sterling against the U.S. dollar and certain other currencies. Periods of further volatility and declines in financial and foreign exchange markets may occur as the Brexit process develops and there may also be declines in economic activity in the UK, EU and elsewhere as well as increased political tensions within the EU generally and/or the Eurozone in particular. These factors could restrict ICD's and its portfolio companies' access to capital and have a material adverse effect on ICD's business, results of operations, financial condition and cash flows and thus negatively affect ICD's, and consequently, the Issuer's ability to perform their respective obligations in respect of any Trust Certificates.

The financial performance of the Group has at times been adversely affected by these trends and could be adversely affected in the future by any deterioration of general economic conditions in the markets in which ICD's portfolio companies operate and/or international trading market conditions and/or related factors. No assurance can be given that a further global economic downturn or financial crisis will not occur. Any of the above factors could materially and adversely affect ICD's business, results of operations, financial condition and prospects and, therefore, the ability of ICD, and consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

The due diligence process that ICD undertakes in connection with new investments may not reveal all relevant facts

Before making any new investment, ICD conducts due diligence as part of its planning and investment process (see further "*Description of ICD and the Group – Planning and Investment Process*"). The objective of the due diligence process is to identify and assess the viability of investment opportunities, through evaluating critical elements of each potential investment including, among other things, such investment's commercial prospects, its potential for value creation and the risks involved in making such investments. When conducting due diligence, ICD evaluates a number of important business, financial, tax, accounting, regulatory, environmental and legal issues in determining whether or not to proceed with an investment.

Third party consultants, including legal advisers, accountants, investment banks and industry experts, are involved in the due diligence process to varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, ICD can only rely on resources available to it, including information provided by the target of the investment where relevant and, in some circumstances, third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as ICD could for information produced from its own internal sources. Furthermore, the due diligence process may at times be subjective and ICD can offer no assurance that any due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. Any failure by ICD to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which could have a material adverse effect on ICD's business, financial condition, results of operations and prospects and could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Risks relating to ICD's relationship with the Government

See generally "*Relationship with the Government*".

ICD's financial obligations, including its obligations in respect of the Trust Certificates, are not guaranteed by the Government absent an explicit guarantee

Although ICD is wholly-owned by the Government, ICD's obligations in respect of the Trust Certificates are not guaranteed by the Government. In addition, although in the past, the Government has provided funding to companies in which it has ownership interests, the Government is under no obligation to extend financial support to ICD and has not, to date, provided any financial support to ICD (which, for the avoidance of doubt, does not include non-monetary contributions made by the Government to ICD from time to time, primarily in the form of company ownership interests or land grants). Accordingly, ICD's financial obligations, including its obligations in respect of the Trust Certificates, are not and should not be regarded as, obligations of the Government. ICD's ability to meet its financial obligations in respect of the Trust Certificates is solely dependent on its ability to fund such amounts from its operating revenues, profits and cash flows. Therefore any decline in ICD's operating revenues, profits and cash flows, or any difficulty in securing external funding, may have a material adverse effect on ICD's business, financial condition, results of operations and prospects and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

The Government's interests may, in certain circumstances, be different from the interests of the Certificateholders

As ICD's owner, the Government is in a position to control the outcome of actions requiring owner approval and also appoints all the members of the Board and thus has the ability to influence the Board's decisions. For example, ICD may be asked by the Government to work on important strategic investments or divestments which will contribute to the overall economy of Dubai and decisions made by the Board may be influenced by the need to consider Government objectives, including strategic and development objectives. Notably, on 10 August 2015, H.H. The Ruler of Dubai issued *Law No. 24 of 2015 Transferring the Ownership of the Dubai Aviation Corporation to the Investment Corporation of Dubai*, which transferred ownership of flydubai to ICD. Separately, on 16 June 2011, H.H. The Ruler of Dubai issued *Law No. 11 of 2011 Amending Law No. 14 of 2007 Establishing Dubai Real Estate Corporation*, which divested ICD of its stake in DREC. From the date of issuance of this law, DREC came under the direct control of H.H. The Ruler of Dubai and, accordingly, ceased to be controlled by ICD. This was treated as a return of capital to the Government during 2011 based on the carrying value of such investment at the date of cessation of ICD's control over DREC amounting to AED 160.3 billion. In addition, in June 2009, the Government provided an AED 4.0 billion capital injection to ENBD by providing funds to ICD to fund ICD's purchase of AED 4.0 billion of mandatory convertible Tier 1 debt securities issued by ENBD. The capital injection was made in order to help ENBD satisfy the regulatory capital requirements of the Central Bank of the UAE (the "UAE Central Bank"). During 2014, ownership of the AED 4.0 billion of mandatory convertible Tier 1 debt securities issued by ENBD was transferred outside of the Group in settlement of the associated liabilities.

The interests of the Government may, therefore, from time to time differ from those of ICD's creditors, including the Certificateholders. To achieve Dubai's strategic and development objectives, the Government may issue directives or orders to ICD to support a company or make any or further investments in (or divestments from) a company. Such decisions could result in ICD making investments or divestments for other than purely commercial reasons and/or on terms which may be adverse to the commercial interests of ICD. As a result, ICD may not receive optimal investment returns. Further, there can be no assurance that such strategic investments will receive any Government funding.

Accordingly, there can be no assurance that the Government will not exercise significant influence over the strategy, operations and general commercial affairs of ICD. This could have a material and adverse effect on ICD's business, results of operations, financial condition and prospects, and subsequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

The Government may alter its relationship with ICD

The Government has the ability to limit or amend ICD's mandate, or limit the amount of support (financial or otherwise) provided to, or assets granted to, ICD. Any such actions by the Government could have a material and adverse effect on ICD's business, results of operations, financial condition and prospects, and subsequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

ICD may be required to make distributions to its owner, the Government

As the owner of ICD, the Government has the right to request that ICD make distributions of profits or assets to the Government, in compliance with the laws of Dubai (including any orders of the Government) and the UAE (to the extent applicable in Dubai).

ICD, from time to time, makes distributions of dividends to the Government and such distributions are decided by the Board after having: (i) considered the best interests of ICD and the Group as a whole; (ii) applied its investment and other income towards, among other things, payment of interest and its maturing debt liabilities; and (iii) budgeted for a retention of certain of its income for future investment purposes and for ICD's own general corporate purposes. ICD may also contribute a portion of the profits it derives from its portfolio companies towards the Government's annual budget, such amount being agreed between ICD and the Government prior to publication of its budget.

However, on rare occasions, distributions can be made based on directives received from the Government. If ICD is directed to make significant further distributions or other contributions to the Government in the future, this could have a material and adverse effect on ICD's business, results of operations, financial condition and prospects, and subsequently affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates. See also "*Relationship with the Government – Distributions to the Government*".

ICD's relationship with the Government may restrict its ability to make certain international investments

Certain countries heavily regulate or restrict foreign direct investment, in particular by state-controlled enterprises. These regulations and restrictions are likely to be particularly relevant to investments in sectors considered to be strategically important to the country in which the investment is being made.

As a result, ICD's investment opportunities may be limited by regulatory constraints that arise, in particular, due to the Government's ownership of ICD. It is possible that in certain countries ICD will be prohibited from investing in particular sectors or, to the extent it is permitted to invest in a particular sector, its investments may be restricted or subject to governmental or regulatory approvals that may be difficult to obtain. If ICD is required to limit the scope of or forego attractive investment opportunities due to these restrictions or requirements, ICD's business, results of operations, financial condition or prospects could be materially and adversely affected and this could therefore affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

Risks relating to Dubai, the UAE and the Middle East

ICD and the Group are subject to general political and economic conditions in Dubai, the UAE and the Middle East

The Group currently has significant operations and interests in the UAE and, in particular, in Dubai where ICD is based. Investors should be aware that investments in emerging markets are subject to greater risks than those in more developed markets, including risks such as:

- political, social and economic instability;
- external acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism, subsidies, expropriation of assets and cancellation of contractual rights;
- regulatory, taxation and other changes in law;
- difficulties and delays in obtaining new permits and consents for the Group's operations or renewing existing ones;
- potential lack of reliability as to title to real property in certain jurisdictions where the Group operates; and
- inability to repatriate profits and/or dividends.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

Dubai enjoys a relatively diverse economy, with the oil and gas sector accounting for 2.2 per cent. of Dubai's real GDP in 2015. However, any significant negative impact on international oil prices may have an impact on regional spending and liquidity and consequently is likely to affect Dubai's economy indirectly through its impact on the trade, construction, real estate, tourism and banking sectors in particular, given also the openness of the economy with no capital or exchange controls. Oil prices may fluctuate in response to changes in many factors over which the Group has no control. These factors include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand dynamics, and expectations regarding future supply and demand, for oil products;
- the ability of members of the Organisation of the Petroleum Exporting Countries (“OPEC”) and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels;
- global economic and political conditions;
- prices and availability of new technologies; and
- global weather and environmental conditions.

Since June 2014, international crude oil prices have declined dramatically (falling by approximately 60 per cent. from a high monthly average OPEC Reference Basket price per barrel of oil of U.S.\$107.89 in June 2014, to a monthly average price of U.S.\$45.84 in June 2016). The prevailing low international prices for hydrocarbon products have had a significant adverse effect on the oil and natural gas revenue dependent GCC economies, resulting in reduced fiscal budgets and public spending plans for 2016, together with increased budgetary deficits and increased competition for funding across the GCC. Such continued oil price volatility has the potential to adversely affect Dubai's economy in the future.

In addition, the credit crisis that occurred in the global financial markets, which was particularly acute in 2008 and 2009, and the resultant deterioration in the global economic outlook led to a general reduction in liquidity and available financing and generally increased financing costs during that time period. These events affected Dubai and the UAE in a number of ways. First, the UAE's GDP was adversely affected in 2009 reflecting the significant contributions of the oil and gas sector to the UAE's GDP and, in the case of Dubai, through the impact of these events on the construction and real estate sectors. Second, the UAE's trade surplus declined in 2009 reflecting the reduced value of hydrocarbon exports and its current account balance was additionally impacted as a result of declining services receipts and lower investment income. Third, certain entities wholly or majority-owned by the Government (“GREs”) suffered from asset value deterioration, limited cash flow and liquidity shortages as a result of the global financial crisis. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government announced its intention to support certain GREs in order to maintain stability in the UAE economy, the banking system and investor confidence.

While macroeconomic indicators have since improved and the Government has taken steps to prevent a repetition of the financial downturn, there can be no assurance that the economic performance of Dubai or the UAE can or will be sustained in the future or that Dubai or the UAE will not be affected by global and/or regional political or social instability in the future. To the extent that economic growth or performance in Dubai or the UAE slows or begins to decline or Dubai or the UAE are affected by political instability, this could have an adverse effect on the Group's business, results of operations, financial condition and prospects, and subsequently affect the ability of ICD, and consequently the Issuer to perform their respective obligations

in respect of any Trust Certificates. Additionally, no assurance can be given that the UAE government will not implement regulations or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have an adverse effect on the Group's business, results of operations, financial condition and prospects or ICD's, and consequently, the Issuer's ability to perform their respective obligations under the Programme, or which could adversely affect the market price and liquidity of the Trust Certificates.

ICD and the Group are subject to current regional political instability

Although Dubai and the UAE enjoy domestic political stability and generally healthy international relations, as a country located in the MENA region, there is a risk that regional geopolitical instability could impact the country. It should be noted that since 2011, there has been significant political and social unrest in a number of countries in the MENA region, ranging from public demonstrations, sometimes violent, in countries such as Algeria, the Kingdom of Bahrain, Egypt, the Islamic Republic of Iran, Iraq, Libya, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict in certain countries such as Libya, Syria and Yemen (ongoing as at the date of this Base Prospectus) as well as the ongoing multinational conflict with the group known as Islamic State (also known as Daesh, ISIS or ISIL)). Further, the UAE, along with other Arab states, is currently participating in a military intervention in the Republic of Yemen. These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if additional adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although to date the negative impact on Dubai and the UAE has not been significant.

Other potential sources of instability in the region include a worsening of the situation in Iraq, a further deterioration in the current poor relations between the United States, Russia and Syria and an escalation in the Israeli-Palestinian conflict. Such a deterioration in relations, should it materialise, could adversely impact the UAE and broader regional security, potentially including the outbreak of a regional conflict.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the Emirate. These steps make it potentially more vulnerable should regional instability increase. In addition, the continued instability affecting countries in the MENA region could negatively impact the number of foreign businesses seeking to invest in the UAE, whilst also affecting the number of tourists visiting the UAE.

ICD's and its portfolio companies' businesses and financial performance could be adversely affected by political or related developments both within and outside the Middle East (which in turn could result in a general downturn in, or instability of, the UAE economy) because of the inter-relationships between the global financial markets. Such factors could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects, and in turn affect the ability of ICD and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

The Group's business may be materially and adversely affected if the dirham/U.S. dollar peg were to be removed or adjusted

The Financial Statements are presented in dirhams, which is ICD's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

As at the date of this Base Prospectus, the dirham remains pegged to the U.S. dollar. However, there can be no assurance that the dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that materially and adversely affects ICD. Any such de-pegging could have a material and adverse effect on ICD's business, results of operations, financial condition and prospects and subsequently affect the ability of ICD to perform and, consequently, the Issuer to perform their respective obligations in respect of any Trust Certificates.

The UAE may introduce value added tax and/or corporation tax

As at the date of this Base Prospectus, ICD and those of its portfolio companies operating in the UAE are not currently subject to corporation tax on their earnings within the UAE and the UAE does not impose value added tax (“VAT”) on the sale of goods or services. However, there is a possibility that this tax position will change in the future.

On 24 February 2016, the Minister of State for Financial Affairs of the UAE announced that, pursuant to a GCC-wide framework agreement on the implementation of VAT, the UAE will implement VAT at the rate of five per cent. from 1 January 2018. The GCC-wide framework agreement for VAT and the UAE national legislation implementing this framework agreement have yet to be made available and no details of the regime have been released.

If the UAE authorities or other authorities in the jurisdictions in which ICD’s portfolio companies operate introduce new, or alter existing, tax regimes, this may have a material adverse effect on ICD’s business, results of operations, cash flows and financial condition.

Statistical Information

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information is only available on a federal basis relating to the entire UAE and investors should note Dubai’s own position may differ in material respects from the position at an overall federal level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. The IMF, in its 2015 Article IV Consultation on the UAE, highlighted continued shortcomings in the UAE’s statistical base which will have impacted the statistical data included in this document. There is therefore no assurance that the economic and statistical data presented on the UAE and Dubai in the section “*Overview of the United Arab Emirates and the Emirate of Dubai*” is accurate.

Factors which are Material for the Purpose of Assessing the Market Risks Associated with Trust Certificates Issued under the Programme

Risks related to the Trust Certificates

The Trust Certificates are limited recourse obligations

Trust Certificates to be issued under the Programme are not debt obligations of the Issuer or the Trustee. Instead, the Trust Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Issuer and the Trustee in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Trust Certificates. Upon the occurrence of a Dissolution Event or any early redemption of the Trust Certificates at the option of the Certificateholders pursuant to Condition 10.5, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series) will be against ICD to perform its obligations under the Transaction Documents. Certificateholders will otherwise have no recourse to any assets of the Issuer, the Trustee (other than the Trust Assets) or (to the extent that it fulfils all of its obligations under the Transaction Documents) ICD in respect of any shortfall in the expected amounts due under the relevant Trust Assets.

ICD is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series) will have direct recourse against ICD to recover such payments pursuant to the Transaction Documents. After enforcing or realising the Trust Assets of a Series and distributing the net proceeds of such Trust Assets in accordance with Condition 4.2, the obligations of the Issuer and the Trustee in respect of the Trust Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Issuer or the Trustee to recover any further sums in respect of such Trust Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, neither the Delegate nor any Certificateholder shall be entitled in respect thereof to petition or take any steps for the winding-up of the Issuer or the Trustee and under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents and the sole rights of the Trustee, the Delegate (acting on behalf of the Certificateholders) and the

Certificateholders against ICD shall be to enforce the obligation of ICD to perform its obligations under the Transaction Documents.

The Trust Certificates may be subject to optional redemption by the Issuer

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Issuer. Any such optional redemption feature of any Trust Certificates is likely to limit their market value. During any period when the Issuer may elect to redeem Trust Certificates, the market value of those Trust Certificates generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Trust Certificates when ICD's cost of financing is lower than the profit rate on the Trust Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Trust Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Trust Certificates may be redeemed prior to their final maturity date for tax reasons

In the event that the amount payable on the Trust Certificates by the Issuer is required to be increased to include additional amounts as provided or if referred to in Condition 11 or if ICD (acting in its capacity as lessee) is required to pay such additional amounts pursuant to the terms of the relevant Lease Agreement to the extent they are required to be paid pursuant to the federal laws or regulations of the UAE then in force, in either case in certain circumstances as a result of any change in, or amendment to, the laws or regulations of (in the case of the Issuer) the Cayman Islands or any political subdivision or authority thereof or therein having power to tax or (in the case of ICD) the UAE or any political subdivision or any authority thereof or therein having power to tax, or in either case any change in the application of official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issuance of the first Tranche of the relevant Series of Trust Certificates, and in connection therewith ICD delivers an exercise notice to the Trustee in accordance with the Sale Undertaking, the Issuer shall redeem all (but not some only) of the Trust Certificates upon giving notice in accordance with the Conditions of the Trust Certificates.

Consents to variation of Transaction Documents and other matters

The Conditions of the Trust Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Conditions of the Trust Certificates also provide that the Delegate may agree, without the consent of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement or any other Transaction Document, or determine, without any such consent as aforesaid, that any Dissolution Event (as defined in Condition 13) or potential Dissolution Event shall not be treated as such if, in the opinion of the Delegate, (a) such modification is of a formal, minor or technical nature, (b) such modification is made to correct a manifest error or (c) such modification (other than where it relates to a Reserved Matter), waiver, authorisation or determination is not, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Trust Certificates of each Tranche will be represented on issue by a Global Trust Certificate that will be deposited with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Except in the circumstances described in each Global Trust Certificate, investors will not be entitled to receive Trust Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in Global Trust Certificates. While the Trust Certificates of any Tranche are represented by a Global Trust Certificate, investors will be able to trade their beneficial interests in the Global Trust Certificates only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Trust Certificates are represented by a Global Trust Certificate, the Issuer will discharge its payment obligations under the Trust Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Trust Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Trust Certificates. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Trust Certificate.

Holders of beneficial interests in a Global Trust Certificate will not have a direct right to vote in respect of the Trust Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Shari'a requirements in relation to judgment interest

In accordance with applicable *Shari'a* principles, each of the parties thereto will waive all and any entitlement it may have to judgment interest awarded in its favour by any court in connection with any dispute under any Transaction Document to which it is a party. Should there be any delay in the enforcement of a judgment given against ICD, judgment interest could accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

Shari'a rules

The Shari'a Supervisory Board of Citi Islamic Investment Bank E.C., the Executive Committee of the Fatwa & Shariah Advisory Board of Dubai Islamic Bank PJSC, the J.P. Morgan Shariah Supervisory Committee and the Shariah Supervisory Committee of Standard Chartered Bank have each confirmed that the Transaction Documents are, in their view, *Shari'a* compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of any Trust Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Issuer, the Trustee, ICD or the Dealers makes any representation as to the *Shari'a* compliance of any Tranche and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Potential investors should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and the issue and trading of any Tranche with *Shari'a* principles.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under certain of the Transaction Documents would be, if in dispute, either the subject of arbitration under LCIA Arbitration Rules or proceedings in the courts of the Dubai International Financial Centre (“**DIFC**”) or England (as the case may be).

Risk factors relating to taxation

Taxation risks on payments

Payments made by ICD to the Trustee under the Transaction Documents or by the Issuer in respect of the Trust Certificates could become subject to taxation. The Transaction Documents each require ICD to pay additional amounts in the event that any withholding or deduction is required by applicable law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Amounts. Condition 11 provides that the Issuer is required to pay additional amounts in respect of any such withholding or deduction imposed by or on behalf of Cayman Islands or the UAE or any Emirate thereof in certain circumstances. In the event that the Issuer fails to pay any such additional amounts in respect of any such withholding or deduction on payments due in respect of the Trust Certificates to Certificateholders, ICD (acting in its capacity as Obligor) has in the Purchase Undertaking unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Issuer (for the benefit of the Certificateholders) by payment to the Transaction Account in the Specified Currency by wire transfer for same day value an amount equal to such additional amounts so that the full amount which would otherwise have been due and payable under the Trust Certificates is received by the Trustee.

Payments made on or with respect to the Trust Certificates may be subject to U.S. withholding tax

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as “**FATCA**”, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain

payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be classified as a foreign financial institution for these purposes. A number of jurisdictions (including the UAE and the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements (“**IGAs**”) with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Trust Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Trust Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Trust Certificates, such withholding would not apply prior to 1 January 2019 and Trust Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if Additional Trust Certificates (as described under Condition 19) that are not distinguishable from previously issued Trust Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Trust Certificates, including the Trust Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Certificateholders should consult their own tax advisors regarding how these rules may apply to their investment in the Trust Certificates.

Risk factors relating to the Lease Assets

Ownership of Lease Assets

In order to comply with the requirements of *Shari’a*, an undivided ownership interest in the Tangible Assets (as defined in the relevant Supplemental Purchase Agreement) will pass to the Trustee under the relevant Purchase Agreement (as defined in the Conditions) and the Trustee will lease them as the relevant Lease Assets to ICD under the relevant Lease Agreement (as defined in the Conditions). The Trustee will declare a trust in respect of the relevant Lease Assets and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Trust Deed (as defined in the Conditions). Accordingly, Certificateholders will, through the ownership interest obtained by the Trustee pursuant to the terms of the relevant Purchase Agreement, have an undivided ownership interest in the relevant Lease Assets.

No investigation or enquiry will be made and no due diligence will be conducted in respect of any relevant Tangible Assets (and therefore, any relevant Lease Assets) of any Series. The relevant Tangible Assets will be selected by ICD, and the Certificateholders, the Issuer, the Trustee and/or the Delegate will have no ability to influence such selection. Only limited representations will be obtained from ICD in respect of the relevant Tangible Assets of any Series. No steps will be taken to perfect the legal transfer of the ownership interest (including registration) in the relevant Tangible Assets of any Series.

Transfer of the Lease Assets

No investigation has been or will be made as to whether the Tangible Assets in respect of any Series may be transferred as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the relevant Purchase Agreement will have the effect of transferring the relevant Tangible Assets of the relevant Series.

Nevertheless, as indicated earlier, the Certificateholders will not have any rights of enforcement as against the relevant Lease Assets and their rights are limited to: (i) enforcement against ICD of its obligation to purchase all or part (as the case may be) of the relevant Lease Assets pursuant to the terms of the Purchase Undertaking in accordance with the terms of the Transaction Documents; and (ii) upon any failure to comply with its obligations under the Transaction Documents as described in this Base Prospectus, a *pro rata* share of the proceeds of the enforcement thereof.

By way of further assurance, ICD has covenanted in the Master Trust Deed and the Purchase Undertaking, among other things, that (i) it shall irrevocably and unconditionally fully accept all or any ownership interest ICD Sukuk Company Limited may have in the relevant Lease Assets, (ii) to the extent that any transfer of any of the Lease Assets is not (or is alleged not to be) effective in any jurisdiction for any reason, it will make

restitution in respect of those Lease Assets in an amount equal to the purchase price therefor and (iii) if that interest is disputed or challenged or if such transfer is not effective as aforesaid, it shall (as an independent, severable and separately enforceable obligation) fully indemnify ICD Sukuk Company Limited for the purpose of redemption in full or in part, as the case may be, of the Trust Certificates and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price (as defined in the Purchase Undertaking) (see “*Summary of the Principal Transaction Documents — Purchase Undertaking*”).

Total Loss Event

As owner of the Lease Assets relating to each Series, ICD Sukuk Company Limited (in its capacity as lessor) is required, among other things, to insure the relevant Lease Assets. The Trustee has delegated this obligation to ICD, as its servicing agent, which has undertaken in the Servicing Agency Agreement, *inter alia*, to insure the relevant Lease Assets in the name of the Trustee against the occurrence of a Total Loss Event in an amount which is at all times at least equal to the Full Reinstatement Value. A “**Total Loss Event**” is defined as the total loss or destruction of, or damage to the whole of, the relevant Lease Assets or any event or occurrence that renders the whole of the relevant Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the relevant Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

Nevertheless, should such an event occur the relevant Lease will terminate, ICD (as lessee) will be obliged to pay all accrued but unpaid rental up to (and including) the date on which the Total Loss Event occurred and the Trust Certificates of the relevant Series will be repaid using the proceeds of the insurance received by the Trustee, together with (where one or more Murabaha Transactions form part of the Asset Portfolio of such Series) the then Total Deferred Sale Price Outstanding of the Series. In this scenario, potential investors should be aware that there may be a delay in the Trustee receiving the proceeds of insurance and therefore in the relevant Certificateholders receiving a Dissolution Amount in respect of their Trust Certificates. In this regard, the Servicing Agency Agreement provides that if the insurance proceeds for an amount equal to the Full Reinstatement Value are not paid into the relevant Transaction Account within 30 days of the occurrence of the Total Loss Event, ICD, as servicing agent, shall have failed in its responsibility to properly insure the relevant Lease Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Servicing Agency Agreement relating to insurance) ICD shall be responsible for paying any shortfall, plus any other amounts then due and payable under the Transaction Documents, on the 31st day after the occurrence or the Total Loss Event or, if such day is not a Payment Business Day (as defined in the Conditions) on the immediately following Payment Business Day. The Delegate will be entitled to enforce this undertaking against ICD on behalf of the Certificateholders of the relevant Series.

Risks factors relating to the Murabaha Contracts

Taxation risk

Pursuant to the terms of the Master Murabaha Agreement, in connection with each Tranche of Trust Certificates issued from time to time under the Programme, the Trustee (in its capacity as seller) may enter into a Murabaha Transaction with ICD (in its capacity as purchaser) using no more than 49 per cent. of the issue proceeds of the relevant Tranche. Upon the receipt of and pursuant to a purchase order from ICD (in its capacity as purchaser), the Trustee (in its capacity as seller) will purchase certain commodities from certain suppliers at the spot price and ICD (in its capacity as purchaser) will irrevocably undertake to purchase such commodities from the Seller in consideration for a deferred sale price.

Upon purchasing and prior to on-selling any commodities, ICD will for a limited period assume the legal and beneficial title to such commodities. It is possible that the acquisition of the commodities, or the disposal thereof, may be, or may by virtue of a change in law become, subject to increased taxation. To the extent that taxation costs arise in respect of ICD’s acquisition, ownership or disposition of the commodities, there may be a material adverse effect on ICD’s ability to perform its obligations (including payment obligations) under the Master Murabaha Agreement and, in turn, in respect of the Trust Certificates.

Price fluctuation risk

The price at which a commodity changes hands is determined as a function of its market as a whole, and both under-supply and over-supply of a commodity can have significant implications for the price at which it is traded. If, after ICD (in its capacity as purchaser) has purchased any commodities, the market for the commodities becomes over-supplied or flooded, the price at which the commodities can be on-sold or traded subsequently may be adversely affected. Similarly, if after ICD has purchased the commodities, additional governmental or import or export licences become applicable to the market for the commodities, the price at which the commodities can be sold or traded subsequently may also be adversely affected. The effect of such price fluctuations may have a material adverse impact on ICD's ability to secure satisfactory on-sale prices for the commodities and, in turn, have a material adverse effect on ICD's ability to perform its obligations (including payment obligations) under the Master Murabaha Agreement and, in turn in respect of the Trust Certificates.

Commodity risk

Upon purchasing commodities from the Trustee (in its capacity as seller) and prior to selling the commodities to an independent third party purchaser, ICD will for a limited period assume the operational risks associated with taking ownership of the commodities. These risks include, without limitation, that:

- (a) the commodities may suffer damage of a nature that reduces their value whilst in storage or during transit;
- (b) ICD's storage and/or transfer of the commodities may cause environmental damage, such as pollution, leakage or contamination, which may breach environmental laws or regulations making the Buyer susceptible to legal or financial recourse;
- (c) the commodities may be liable to theft and or vandalism; and
- (d) the commodities may be damaged by terrorist attacks, natural disasters, fire or other catastrophic events that are beyond the control of ICD.

To the extent that these risks are not mitigated, or fully covered, by any insurance taken out in respect of the commodities, the occurrence of any of these events may have a material adverse effect on the value of the commodities and/or ICD's ability to on-sell the commodities which may, in turn, affect ICD's ability to perform its obligations (including payment obligations) under the Master Murabaha Agreement and, in turn in respect of the Trust Certificates.

Risk factors relating to enforcement

Change of law

The structure of each issue of Trust Certificates under the Programme is based on English, UAE and Dubai law and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law, UAE law or Dubai law or administrative practices in any such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Trust Certificates or of ICD to comply with its obligations under the Transaction Documents.

Enforcing foreign judgments and arbitral awards in Dubai

Ultimately the payments under the Trust Certificates are dependent upon ICD making payments to the Trustee in the manner contemplated under the Transaction Documents. If ICD fails to do so, it may be necessary to bring an action against it to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time-consuming.

The Trust Certificates, the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution and Purchase of Additional Assets Undertaking and the Programme Agreement (as defined in "*Subscription and Sale*") (the "**English Law Documents**") are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the

LCIA in the Dubai International Financial Centre (the “**DIFC**”). Under the English Law Documents, any dispute may also be referred to the courts in England or the courts in the DIFC.

ICD is a UAE company and is incorporated in and has its operations and the majority of its assets located in the UAE. To the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts. Furthermore, under current Dubai law, the courts are unlikely to enforce an English judgement without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the relevant English Law Document. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts (“**Law No. 16 of 2011**”) came into force in Dubai on 31 October 2011 and extended the jurisdiction of the DIFC courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the DIFC courts, even where such parties are unconnected to the DIFC. Under Article 7 of Law No. 16 of 2011, any final and unappealable judgment, decision or order made by the DIFC courts and any arbitral award ratified by the DIFC courts must, upon application to the Dubai Court of Execution, be enforced without that court being able to reconsider the merits of the case. As a result, and as any dispute under the English Law Documents may be referred to arbitration in the DIFC and/or referred to the DIFC courts as aforesaid, the DIFC courts should recognise the choice of English law as the governing law of such English Law Documents, and any final and unappealable judgment of the DIFC courts and any arbitral award ratified by the DIFC courts in each case in connection therewith should be enforced by the Dubai courts without reconsidering the merits of the case. Certificateholders should note however that, as at the date of this Base Prospectus, Law No. 16 of 2011 remains relatively new and largely untested and there is therefore no certainty as to how the DIFC courts intend to exercise their jurisdiction under the law should any party dispute the right of the DIFC courts to give effect to a DIFC arbitral award and/or to hear a particular dispute where any party is unconnected to the DIFC, nor is there any certainty that the Dubai Court of Execution will enforce the arbitral award made in the DIFC (as described above) or the judgment of the DIFC court without reconsidering the merits of the case.

As the UAE judicial system is based on a civil code, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

Claims for specific enforcement

In the event that ICD fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific enforcement of a contractual obligation, as this is generally a matter for the discretion of the relevant court.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by ICD to perform its obligations as set out in the Transaction Documents.

The waiver of immunity by ICD may not be effective under the laws of the UAE

UAE law provides that public or private assets owned by the UAE or any of the emirates therein may not be confiscated. Since ICD is wholly-owned and controlled by the Government, there is a risk that the assets of ICD may fall within the ambit of government assets and as such cannot be attached or executed upon.

In connection with the Trust Certificates to be issued under the Programme, ICD has waived its rights in relation to sovereign immunity; however, there can be no assurance as to whether such waiver of immunity

from execution or attachment or other legal process under the Transaction Documents to which it is party are valid and binding under the federal laws of the UAE as applicable in Dubai.

Risks related to the market generally

The secondary market generally

Trust Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Trust Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay the face amount and profit on the Trust Certificates and ICD will make any payments under the Transaction Documents in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Trust Certificates; (b) the Investor's Currency equivalent value of the face amount payable on the Trust Certificates; and (c) the Investor's Currency equivalent market value of the Trust Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or ICD to make payments in respect of the Trust Certificates. As a result, investors may receive less profit or amount in respect of the face amount of such Trust Certificates than expected, or no such profit or face amount. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Trust Certificate may not be available at such Trust Certificate's maturity.

Interest or profit rate risks

Investment in Fixed Rate Trust Certificates involves the risk that if market interest or profit rates subsequently increase above the rate paid on the Fixed Rate Trust Certificates, this will adversely affect the value of the Fixed Rate Trust Certificates.

DOCUMENTS INCORPORATED BY REFERENCE

The following document which has previously been published and has been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

- the Terms and Conditions of the Trust Certificates contained in the base prospectus dated 6 May 2014, pages 54 to 88 (inclusive), prepared by the Issuer and ICD in connection with the Programme, an electronic copy of which is available at:
http://www.ise.ie/debt_documents/Base%20Prospectus_7d7d471c-2d89-43d5-8902-df20e69852b6.PDF.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and ICD and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive and by the DFSA in accordance with Rule 2.6 of the Markets Rules and for the purposes of Article 14 of the Markets Law. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the website of the Irish Stock Exchange (<http://www.ise.ie>), the website of the Nasdaq Dubai (<http://www.nasdaqdubai.com>), the registered office of each of the Issuer and ICD and from the specified office of the Paying Agent for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

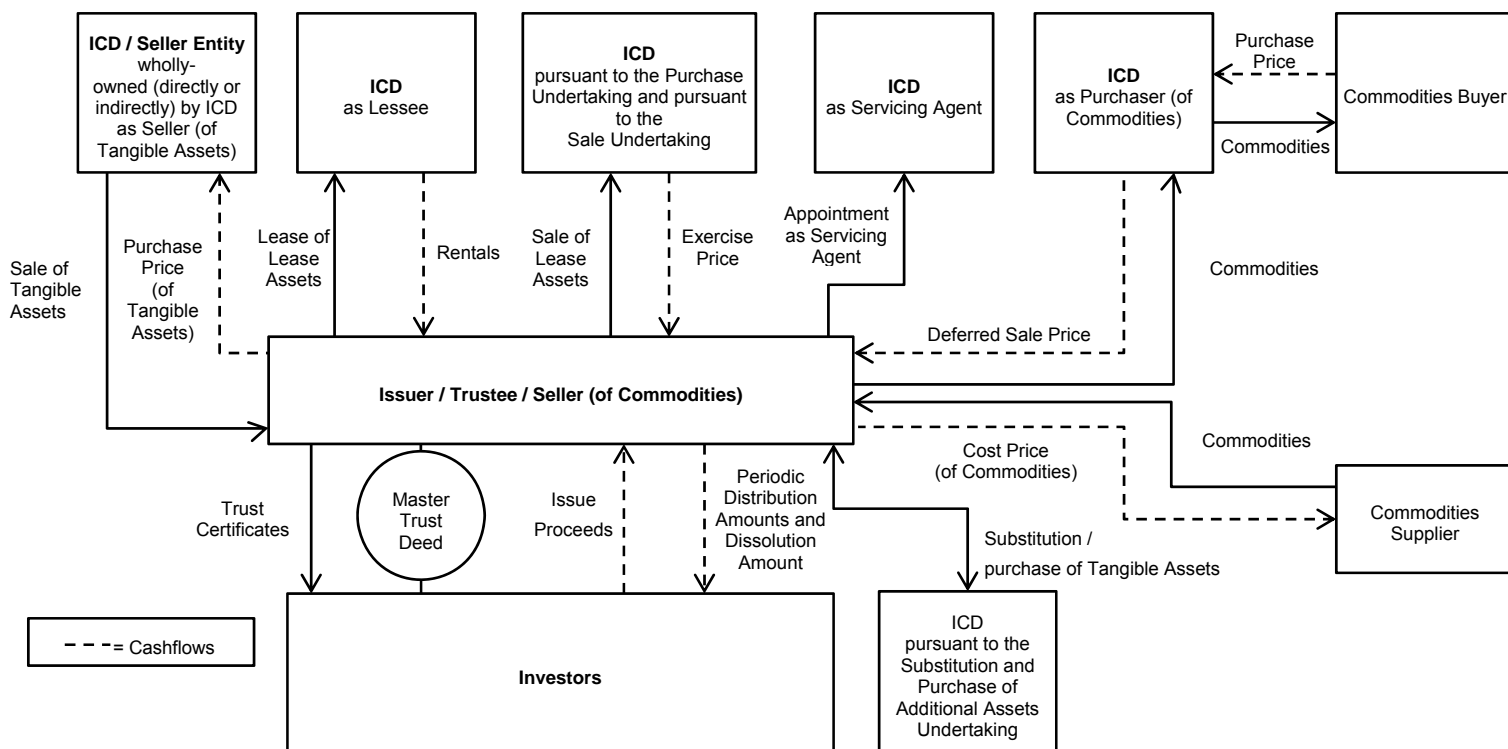
Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Each of the Issuer and ICD will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Trust Certificates, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Trust Certificates.

STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Tranche issued. Potential investors are referred to the terms and conditions of the Trust Certificates and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Principal cash flows

Purchase of the Tangible Assets and entry into Murabaha Transactions

On the Issue Date of each Tranche, the relevant Certificateholders will pay the issue price in respect of the issue of Trust Certificates to the Issuer and the Trustee will use such amount (the “**Issue Proceeds**”) as described below.

In relation to the first Tranche to be issued under a Series, the Trustee will apply the Issue Proceeds of that Tranche as follows:

- (a) pursuant to the terms of the Master Purchase Agreement and the relevant Supplemental Purchase Agreement, to use the requisite portion of the Issue Proceeds to pay the amount specified in the applicable Final Terms as the purchase price (the “**Purchase Price**”) for the relevant tangible assets (the “**Tangible Assets**”) (being an amount equal to the relevant Issue Proceeds less the Cost Price (as defined below) (if any)) to ICD (in its capacity as seller) as consideration for the purchase by the Trustee of the Tangible Assets (as may be substituted or added to from time to time pursuant to the Substitution and Purchase of Additional Assets Undertaking), *provided that* the Value of the Tangible Assets as at the relevant Issue Date is no less than 51 per cent. of the aggregate face amount of the relevant Tranche. Each such Tangible Asset shall immediately be leased (each a “**Lease Asset**”) by the Trustee (in such capacity, the “**Lessor**”) to ICD (in such capacity, the “**Lessee**”) in return for periodic rental payments to the Trustee (“**Rental**”) pursuant to the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement (together with the Master Lease Agreement, the “**Lease Agreement**”). The term of such lease will equal the tenor of the Trust Certificates of the relevant Series and the amount of each such Rental will (after satisfaction of certain prior ranking expenses (as further described below)) be equal to the Periodic Distribution Amount

payable for the corresponding period under the Trust Certificates which the Issuer will pay the Certificateholders on each Periodic Distribution Date; and

- (b) pursuant to the terms of the Master Murabaha Agreement:
- (i) to use the remainder of the Issue Proceeds (if any) (in the Trustee's capacity as seller) (being an amount that is (A) no more than 49 per cent. of the aggregate face amount of the relevant Tranche and (B) equal to the Issue Proceeds of the relevant Tranche *less* the Purchase Price of the Tangible Assets as at the relevant Issue Date) to purchase commodities ("**Commodities**") (at the cost price (if any) specified in the applicable Final Terms (the "**Cost Price**")) to be sold to ICD (in its capacity as purchaser) for an amount to be paid on a deferred payment basis (the "**Deferred Sale Price**") (the "**Murabaha Transaction**"). Upon purchasing Commodities from the Trustee, ICD shall be entitled to on-sell such Commodities directly to another purchaser *provided that* such other purchaser is not the same person from which the relevant Commodities were originally purchased by the Trustee pursuant to the relevant Murabaha Transaction; and
 - (ii) the Deferred Sale Price in respect of each Murabaha Transaction will comprise the Cost Price of the relevant Commodities and a profit mark-up being at least 1 per cent. of the relevant Cost Price (the "**Murabaha Profit**"). Subject to the immediately following sentence, each Deferred Sale Price shall, to the extent not previously paid in full, be payable in full upon maturity of the Murabaha Transaction, which date will coincide with the redemption of the Trust Certificates on the relevant Maturity Date or, if earlier, other final Dissolution Date. Any Murabaha Profit shall be payable in instalments prior to each Periodic Distribution Date as described in the Master Murabaha Agreement.

In relation to each other Tranche of Trust Certificates (such additional Trust Certificates, the "**Additional Trust Certificates**") to be issued under a Series, the Trustee will apply the Issue Proceeds of any such Additional Trust Certificates as follows:

- (a) pursuant to the Substitution and Purchase of Additional Assets Undertaking and the relevant sale agreement:
- (i) to use the requisite portion of the Issue Proceeds to pay the amounts specified in the applicable Final Terms as the purchase price (the "**Additional Purchase Price**") for the relevant additional tangible assets (the "**Additional Tangible Assets**") (being an amount equal to the relevant Issue Proceeds less the Cost Price (if any)) to ICD (in its capacity as seller) as consideration for the purchase by the Trustee of the Additional Tangible Assets, *provided that* the Value of the Additional Tangible Assets as at the relevant Issue Date is no less than 51 per cent. of the aggregate face amount of the relevant Tranche; and
 - (ii) upon issue of the Additional Trust Certificates, the Trustee and ICD will execute an amended and restated Supplemental Lease Agreement for the Series pursuant to which the Additional Tangible Assets, together with the Tangible Assets and any other Additional Tangible Assets relating to the Series (collectively, the "**Tangible Asset Portfolio**") will constitute the new Lease Assets and be leased by the Trustee (acting in its capacity as Lessor) to ICD (acting in its capacity as Lessee). The amended and restated Supplemental Lease Agreement for the Series, together with the Master Lease Agreement, will constitute a new Lease Agreement; and
- (b) to use the remainder of the Issue Proceeds (if any) (in the Trustee's capacity as seller) as the Cost Price (being an amount that is (i) no more than 49 per cent. of the aggregate face amount of the relevant Tranche and (ii) equal to the Issue Proceeds of the relevant Tranche *less* the Additional Purchase Price of the Additional Tangible Assets as at the relevant Issue Date) to be used to enter into a Murabaha Transaction with ICD (in its capacity as purchaser) on a deferred payment basis for the relevant Deferred Sale Price.

On the date upon which any sale agreement is entered into in connection with the creation and issuance of Additional Trust Certificates as described above (being the relevant Issue Date for that Tranche of Trust

Certificates), the Trustee and ICD will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates so created and issued, declaring that the relevant Additional Tangible Assets and the Lease Assets in respect of the relevant Series in existence immediately prior to the creation and issue of the Additional Trust Certificates, together with each Murabaha Transaction (if any) relating to the relevant Series and all other rights arising under or with respect to the relevant Tangible Asset Portfolio and Murabaha Transactions (including the right to receive payment of the Deferred Sale Prices and any other amounts or distributions due in connection with the relevant Tangible Asset Portfolio), are commingled and shall collectively comprise the Asset Portfolio in respect of the relevant Series and part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Master Trust Deed. For the avoidance of doubt, an Asset Portfolio for a relevant Series of Trust Certificates may comprise solely Tangible Assets, without any Issue Proceeds being applied towards any Murabaha Transaction.

In respect of any asset, “**Value**” means, at any time: (i) in respect of any Tangible Asset, the value thereof as determined by ICD at such time; and (ii) in respect of any Murabaha Transaction, the Deferred Sale Price thereof.

Collection Accounts and Reserve Account

In respect of each Series, pursuant to the Servicing Agency Agreement, the Trustee will appoint ICD as its servicing agent (the “**Servicing Agent**”) for so long as any Trust Certificates are outstanding to, pursuant to the Servicing Agency Agreement and the servicing plan contained therein, on behalf of the Trustee:

- (a) service and manage the relevant Asset Portfolio, in particular, to carry out certain of its obligations under the relevant Lease Agreement, namely the obligation to undertake any major maintenance, insurance and payment of taxes in connection with the Lease Assets; and
- (b) to collect revenues generated under or in respect of the Asset Portfolio (including all Rental) on behalf of the Trustee.

The Trustee will reimburse ICD for any expenses (“**Services Charge Amounts**”) incurred by it in undertaking these duties.

In relation to each Series, the Servicing Agent will maintain three ledger accounts (such accounts being the “**Principal Collection Account**”, the “**Income Collection Account**” (together, the “**Collection Accounts**”) and the “**Reserve Account**”, each of which shall be denominated in the Specified Currency (as set out in the applicable Final Terms) in which all monies collected and received by the Servicing Agent in respect of the Asset Portfolio of each Series (“**Asset Portfolio Revenues**”) will be recorded. All Asset Portfolio Revenues in relation to each Series will be recorded:

- (a) to the extent that any such amounts comprise amounts in the nature of sale, capital or principal payments (including any applicable Exercise Price payable under the Purchase Undertaking or Sale Undertaking and the Cost Price components of all Deferred Sale Prices payable under the relevant Murabaha Transaction(s)) (“**Asset Portfolio Principal Revenues**”), in the Principal Collection Account;
- (b) to the extent that any such amounts comprise any other amounts (including all Rental payable under the relevant Lease Agreement and the Murabaha Profit components of all applicable Deferred Sale Prices payable under the relevant Murabaha Transaction(s)) (“**Asset Portfolio Income Revenues**”), in the Income Collection Account; and
- (c) to the extent that any such amounts remain after all amounts of Asset Portfolio Income Revenues have been paid to the Trustee in accordance with sub-paragraph (b) above, in the Reserve Account.

Amounts standing to the credit of the Income Collection Account (i.e., the Asset Portfolio Income Revenues) relating to each Series will be applied by the Servicing Agent on each “**Income Revenues Payment Date**” (being the Business Day immediately prior to the relevant Periodic Distribution Date under the Trust Certificates of the relevant Series) in the following order of priority:

- (a) *first*, in repayment of any outstanding amounts advanced by way of a Liquidity Facility (as defined below) which have not been paid (such outstanding amounts, the “**Liquidity Facility Amount**”);
- (b) *second*, in payment of any outstanding Services Charge Amounts which have not been paid;
- (c) *third*, the Servicing Agent shall procure the payment into the Transaction Account of an amount equal to the lesser of:
 - (i) the Required Amount (as defined in the Conditions) payable by the Trustee in respect of the relevant Trust Certificates on the immediately following Periodic Distribution Date, *less* any amounts standing to the credit of the Transaction Account on such Income Revenues Payment Date; and
 - (ii) the balance of the Income Collection Account; and
- (d) *fourth*, any amounts standing to the credit of the Income Collection Account immediately following payment of all of the above amounts shall be debited from the Income Collection Account and credited to the Reserve Account.

The Servicing Agent will be entitled under the Servicing Agency Agreement to deduct amounts standing to the credit of the Reserve Account at any time and use such amounts for its own account, *provided that* such amounts shall be repaid by it if so required to fund a Shortfall or as required following a Total Loss Event.

On each Income Revenues Payment Date, if there is a shortfall between:

- (a) the amounts standing to the credit of the Transaction Account (at such time after the application of funds pursuant to sub-paragraph (c) above); and
- (b) the Required Amount payable by the Trustee in respect of the relevant Trust Certificates on the immediately following Periodic Distribution Date,

(a “**Shortfall**”), the Servicing Agent shall first apply the amounts standing to the credit of the relevant Reserve Account (if any) towards payment of such Shortfall by transferring into the relevant Transaction Account from the Reserve Account on that Income Revenues Payment Date (or procuring such transfer of) an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of the Reserve Account). If, having so applied such amounts standing to the credit of the relevant Reserve Account (if any) on the relevant Income Revenues Payment Date, any part of the Shortfall remains, the Servicing Agent may then either:

- (i) provide *Shari’a*-compliant funding to the Trustee itself; or
- (ii) procure *Shari’a*-compliant funding from a third party to be paid to the Trustee,

in each case in the amount required (and not exceeding such amount required) to ensure that there is no Shortfall, on terms that such funding is repayable from Asset Portfolio Income Revenues and/or Asset Portfolio Principal Revenues on the Maturity Date or relevant Dissolution Date (as applicable) of the Trust Certificates of the relevant Series (each a “**Liquidity Facility**”).

In respect of the Asset Portfolio Principal Revenues of a Series, on the Maturity Date or the relevant Dissolution Date (as applicable), any Asset Portfolio Principal Revenues credited to the Principal Collection Account will be applied by the Servicing Agent by procuring the payment into the Transaction Account of an amount equal to the lesser of:

- (a) the Required Amount payable on such Maturity Date or Dissolution Date (as applicable); and
- (b) the balance of the Principal Collection Account,

for payment by the Trustee *pari passu* to the Certificateholders in settlement of the relevant Dissolution Amount.

Following payment of all amounts due and payable under the Trust Certificates of each Series on the Maturity Date or the relevant Dissolution Date (as applicable), the Servicing Agent shall be entitled to retain any

amounts that remain standing to the credit of the Collection Accounts and the Reserve Account for its own account as an incentive payment for acting as Servicing Agent.

Redemption of the Trust Certificates

At maturity of the relevant Series of Trust Certificates or upon any earlier date for redemption or repayment of all or some (as the case may be) of the Trust Certificates:

- (a) pursuant to the Purchase Undertaking or, as applicable, the Sale Undertaking, the Trustee will sell, and ICD will buy, all or part of (as the case may be) the Lease Assets at an Exercise Price which will be equal to:
 - (i) the aggregate of:
 - (A) the aggregate face amount of the Trust Certificates being redeemed; *plus*
 - (B) all accrued but unpaid Periodic Distribution Amounts (if any) owing to the Certificateholders in respect of such Trust Certificates; *plus*
 - (C) (only where the relevant Trust Certificates are to be redeemed in full) an amount equal to any outstanding Services Charge Amount (to the extent not already paid as part of any Rental payment made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement) and Liquidity Facility Amount; *plus*
 - (D) any other amounts payable on redemption of the relevant Trust Certificates as specified in the applicable Final Terms,

less

- (i) where one or more Murabaha Transactions form part of the Asset Portfolio of such Series, an amount equal to the Relevant Percentage of the Total Deferred Sale Price of such Series; and
- (b) pursuant to the Master Murabaha Agreement, the *pro rata* portion of the Deferred Sale Price(s) of the relevant Series corresponding *pro rata* to the Trust Certificates being redeemed shall be paid to the Trustee.

In respect of the above:

“**Relevant Percentage**” means, with respect to each Series of Trust Certificates and the corresponding Murabaha Transactions (if any), the percentage calculated as follows:

$$\frac{P}{C} \times 100$$

where P = the aggregate face amount of the relevant Trust Certificates being redeemed; and

C = the Aggregate Face Amount of the relevant Series of Trust Certificates; and

“**Total Deferred Sale Price**” means, from time to time and at any time, in respect of a Series of Trust Certificates and the corresponding Murabaha Transactions (if any), the aggregate amount of the applicable Deferred Sale Price(s) under all Murabaha Transactions (if any) of such Series.

The Issuer will use the Exercise Price and any applicable Deferred Sale Price(s) received to pay the Dissolution Amount and all accrued but unpaid Periodic Distribution Amounts to the holders of such Trust Certificates.

Substitution of Lease Assets

In relation to each Series, the Trustee has also granted ICD the right to require the Trustee to sell any or all of the relevant Lease Assets (the “**Substituted Tangible Assets**”) to it in exchange for new assets of a Value which is equal to or greater than the Value of the Substituted Tangible Assets. Such right has been granted by the Trustee to ICD pursuant to the Substitution and Purchase of Additional Assets Undertaking, to be

supplemented at the time of each such substitution by a sale agreement substantially in the form annexed to the Substitution and Purchase of Additional Assets Undertaking and containing the specific terms applicable to the relevant substitution.

FORM OF THE TRUST CERTIFICATES

The Trust Certificates of each Tranche will be in registered form. Trust Certificates will be offered and sold outside the United States to persons who are not U.S. persons (as defined in Regulation S) in reliance on Regulation S of the Securities Act.

Each Tranche will initially be represented by a global trust certificate in registered form (a “**Global Trust Certificate**”). Each Global Trust Certificate will represent undivided ownership interests in the relevant Trust Assets. Global Trust Certificates will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depository. Persons holding ownership interests in Global Trust Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Trust Certificates in fully registered form.

Payments of any amount in respect of each Global Trust Certificate will, in the absence of provision to the contrary, be made to the person shown on the relevant Register (as defined in Condition 1.2) as the registered holder of the relevant Global Trust Certificate. None of the Issuer, the Trustee, ICD, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Trust Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Trust Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 8.1) in the manner provided in the Conditions.

Payments of the applicable Dissolution Amount, Periodic Distribution Amounts or any other amount in respect of the Global Trust Certificate will be made to the persons shown on the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Trust Certificate is being held is open for business.

Interests in a Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Trust Certificates only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Certificateholders in accordance with Condition 16 if an Exchange Event occurs. For these purposes, “**Exchange Event**” means that (i) a Dissolution Event (as defined in Condition 13) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Trust Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Delegate may also give notice to the Registrar requesting exchange.

In such circumstances, the relevant Global Trust Certificate shall be exchanged in full for Definitive Trust Certificates (as defined in the Master Trust Deed) and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Trust Certificates to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a Global Trust Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Trust Certificates.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Trust Certificates standing to the

account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Delegate and their respective agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to any payment on such face amount of such Trust Certificates, for which purpose the registered holder of the relevant Global Trust Certificate shall be treated by the Issuer, the Trustee, the Delegate and their respective agents as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions “**Certificateholder**” and “**holder of Trust Certificates**” and related expressions shall be construed accordingly.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Trust Certificates*”), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Trust Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Trust Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The Issuer and ICD may agree with any Dealer and the Delegate that Trust Certificates may be issued in a form not contemplated by the Conditions herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Trust Certificates.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche issued under the Programme.

[Date]

ICD Sukuk Company Limited

**Issue of [Aggregate Face Amount of Tranche] [Title of Trust Certificates]
under the
U.S.\$2,500,000,000
Trust Certificate Issuance Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 December 2016 [and the supplement[s] to the Base Prospectus dated [•] [and [•]]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the “**Prospectus Directive**”) (the “**Base Prospectus**”). This document constitutes the Final Terms of the Trust Certificates described herein [for the purposes of Article 5.4 of the Prospectus Directive]¹ and must be read in conjunction with the Base Prospectus. Full information on the Issuer, ICD and the offer of the Trust Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms]² [is/are] available for viewing on the website of the Central Bank of Ireland (www.centralbank.ie) and during normal business hours at the registered office of the Issuer at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and at the registered office of ICD at Dubai International Financial Centre, Gate Village 7, 6th Floor, P.O. Box 333888, Dubai, United Arab Emirates.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 6 May 2014, which are incorporated by reference in the Base Prospectus dated 29 December 2016. This document constitutes the Final Terms of the Trust Certificates described herein [for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the “**Prospectus Directive**”)]³ and must be read in conjunction with the Base Prospectus dated 29 December 2016 [and the supplement[s] to the Base Prospectus dated [•] [and [•]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). Full information on the Issuer, ICD and the offer of the Trust Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms]⁴ [is/are] available for viewing on the website of the Central Bank of Ireland (www.centralbank.ie) and during normal business hours at the registered office of the Issuer at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and at the registered office of ICD at Dubai International Financial Centre, Gate Village 7, 6th Floor, P.O. Box 333888, Dubai, United Arab Emirates.]

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

¹ To be included only if the Trust Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

² To be included only if the Trust Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

³ To be included only if the Trust Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

⁴ To be included only if the Trust Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

[If the Trust Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer, Trustee, Purchaser (under the Master Purchase Agreement), Lessor and Seller (under the Master Murabaha Agreement): ICD Sukuk Company Limited
2. Seller (under the Master Purchase Agreement), Lessee, Servicing Agent, Obligor and Purchaser (under the Master Murabaha Agreement): Investment Corporation of Dubai (“ICD”)
3. (a) Series Number: [•]
 (b) Tranche Number: [•]
 (c) Date on which the Trust Certificates will be consolidated and form a single Series [The Trust Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on the [Issue Date/the date that is 40 days after the Issue Date]/[Not Applicable]
4. Specified Currency: [•]
5. Aggregate Face Amount of:
 (a) Series: [•]
 (b) Tranche: [•]
6. Issue Price: [100] per cent. of the Aggregate Face Amount [plus accrued Periodic Distribution Amounts from [insert date] (if applicable)]
7. (a) Specified Denominations: [•]
 (*this means the minimum integral face amount in which transfers can be made*) (*N.B. If an issue of Trust Certificates is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive (Directive 2003/71/EC), the €100,000 minimum denomination is not required.*)
 (*N.B. If an issue of Trust Certificates is NOT listed on Nasdaq Dubai, the U.S.\$100,000 minimum denomination is not required.*)
 (b) Calculation Amount: (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
8. (a) Issue Date: [•]
 (b) Return Accrual Commencement Date: [•]/[Issue Date][Not Applicable]
9. Maturity Date: [Specify date or (for Floating Periodic Distribution Trust Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.]

10. Periodic Distribution Amount Basis: [[•] per cent. Fixed Periodic Distribution Amount] [[*specify reference rate*] +/- [•] per cent. per annum Floating Periodic Distribution Amount] (*further particulars specified in paragraph [14][15] below*)
11. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Trust Certificates will be redeemed at 100 per cent. of their aggregate face amount
12. Put/Call Options: [Not Applicable]
[Certificateholder Put Right]
[Change of Control Put Right]
[Optional Dissolution (Call)]
[further particulars specified in paragraph [16][17][18] below]
13. (a) Status: Unsubordinated
- (a) [Date [Board] approval for issuance of Trust Certificates [and entry into the related Transaction Documents] obtained: [•] [and [•], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Trust Certificates or related Transaction Documents)

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

14. Fixed Periodic Distribution Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Rate[(s)]: [•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
- (b) Periodic Distribution Date(s): [[•] in each year up to and including the Maturity Date]
(NB: This will need to be amended in the case of long or short return accumulation periods)
- (c) Fixed Amount(s): [•] per Calculation Amount
- (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]][Not Applicable]
(Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 14(c))
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[•] in each year] [Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular Periodic Distribution Dates, ignoring issue date or maturity date in the case of Periodic Distribution Dates which are not in respect of periods of equal duration)

15. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Periodic Distribution Dates: [•] [,[in each case] subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert “Not Applicable”)*
- (b) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] [Not Applicable]
- (c) Additional Business Centre(s): [Not Applicable/give details]
- (d) Manner in which the Rate(s) is/are to be determined: Screen Rate Determination (Condition 7.3 applies)
- (i) Reference Rate: [•] month [LIBOR/EURIBOR/EIBOR]
- (ii) Periodic Distribution Determination Date: [•]
- (Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR and second Dubai business day prior to the start of each Return Accumulation Period if EIBOR)*
- (iii) Relevant Screen Page: [•]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fall-back provisions appropriately or, in the case of EIBOR, if not Reuters AEIBOR, ensure it is a page which shows a composite rate.)*
- (e) Linear Interpolation: [Not Applicable/Applicable – the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (*specify for each short or long return accumulation period*)]
- (f) Margin: [+/-][•] per cent. per annum
- (g) Minimum Profit Rate: [[•] per cent. per annum][Not Applicable]
- (h) Maximum Profit Rate: [[•] per cent. per annum][Not Applicable]
- (i) Day Count Fraction: [[Actual/Actual (ISDA)][Actual/Actual]

Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)]

(j) Calculation Agent: [Principal Paying Agent]/[•]

PROVISIONS RELATING TO DISSOLUTION

16. Optional Dissolution (Call): [Applicable/Not Applicable] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (a) Optional Dissolution Amount: [Final Dissolution Amount] [[•] per Calculation Amount]
- (b) Optional Dissolution Date: [Any Periodic Distribution Date]/ [•]
- (c) If dissolution in part:
- (i) Minimum Optional [•]
Dissolution Amount:
- (ii) Maximum Optional [•]
Dissolution Amount:
- (d) Notice periods: Minimum period: [15] days
Maximum period: [30] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and/or ICD and the Principal Paying Agent or the Delegate)*
17. Certificateholder Put Right: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Certificateholder Put Right Date(s): [•]
- (b) Optional Dissolution Amount: [•] per Calculation Amount
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and/or ICD and the Principal*

- Paying Agent or Delegate)*
18. Change of Control Put Right: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Change of Control Dissolution Amount: [•] per Calculation Amount
- (b) Notice Periods: Minimum period: [•] days
Maximum period: [•] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and/or ICD and the Principal Paying Agent or Delegate)*
19. Dissolution following a Tax Event:
- (a) Notice periods: Minimum period: [30] days
Maximum period: [60] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and/or ICD and the Principal Paying Agent or Delegate)*
- (b) Tax Dissolution Amount [•] per Calculation Amount
20. Final Dissolution Amount: [•] per Calculation Amount]
21. Dissolution Amount pursuant to Condition 13: [•] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE TRUST CERTIFICATES

22. Form of Trust Certificates: Global Trust Certificate exchangeable for Trust Certificates in definitive registered form in the limited circumstances specified in the Global Trust Certificate
23. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not Return Accumulation Period end dates, to which sub-paragraph 16(c) relates)

PROVISIONS IN RESPECT OF THE TRUST ASSETS

24. Purchase Price of Tangible Assets: [•]
25. Cost Price of Commodities: [•] [Not Applicable]
26. Lease Assets on the Issue Date: As scheduled to the Supplemental Lease Agreement specified below
27. Rental Rate: [•]
28. Trust Assets: Condition 4.1 applies
29. Transaction Account: ICD Sukuk Company Limited Transaction Account No: [•] with [•] for Series No.: [1/2/3 etc.]
30. Other Transaction Document Information:
- (a) Supplemental Trust Deed: Supplemental Trust Deed dated [•] between the Issuer, the Trustee, ICD and the Delegate
 - (b) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [•] between ICD Sukuk Company Limited (in its capacity as Purchaser)[, [insert name of seller entity if not ICD]] and ICD
 - (c) Supplemental Lease Agreement: Supplemental Lease Agreement dated [•] between the Lessor, the Lessee and the Delegate
 - (d) Master Murabaha Agreement: Master Murabaha Agreement dated [•] between the Trustee, ICD and the Delegate
 - (e) Declaration of Commingling of Assets: [Declaration of Commingling of Assets dated [•] executed by the Trustee and ICD] [Not Applicable]
- (N.B. This will only be executed upon the issuance of Additional Trust Certificates pursuant to Condition 19)*

Signed on behalf of
ICD Sukuk Company Limited

By:
Duly authorised

Signed on behalf of
Investment Corporation of Dubai

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Trust Certificates to be admitted to trading on [specify relevant regulated market (*for example, the Irish Stock Exchange’s Main Securities Market or Nasdaq Dubai*) and, if relevant, listing on an official list (*for example, the Official List of the Irish Stock Exchange or the Official List maintained by the Dubai Financial Services Authority*)] with effect from [•].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Trust Certificates to be admitted to trading on [specify relevant regulated market (*for example, the Irish Stock Exchange’s Main Securities Market or Nasdaq Dubai*) and, if relevant, listing on an official list (*for example, the Official List of the Irish Stock Exchange or the Official List maintained by the Dubai Financial Services Authority*)] with effect from [•].]
- (*where documenting a fungible issue indicate that original Trust Certificates are already admitted to trading*)
- [Not Applicable]
- (b) Estimate of total expenses related to admission to trading: [•]

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer and ICD are aware, no person involved in the issue of the Trust Certificates has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer or ICD or their affiliates in the ordinary course of business for which they may receive fees – *Amend as appropriate if there are other interests.*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

3. [PROFIT OR RETURN (*Fixed Periodic Distribution Trust Certificates only*)

Indication of profit or return: [•]

The profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.]

4. HISTORIC RATES (*Floating Rate Distribution Trust Certificates only*)

Details of historic [LIBOR/EURIBOR/EIBOR] rates can be obtained from [Reuters].

5. OPERATIONAL INFORMATION

- (a) ISIN Code: [•]
- (b) Common Code: [•]
- (c) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (d) Delivery: Delivery [against/free of] payment
- (e) Names and addresses of additional Paying Agent(s) (if any): [•]

6. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (e) U.S. Selling Restrictions: Regulation S, Category 2

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates which (subject to modification and except for the text in italics) will be endorsed on each Trust Certificate in definitive form issued under the Programme and will apply to each Global Trust Certificate.

ICD Sukuk Company Limited (in its capacity as issuer, the “**Issuer**” and, in its capacity as trustee, the “**Trustee**”) has established a programme (the “**Programme**”) for the issuance of up to U.S.\$2,500,000,000 in aggregate face amount of trust certificates. In these terms and conditions (the “**Conditions**”), references to “**Trust Certificates**” shall be references to the trust certificates of this Series (as defined below) and references to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Trust Certificate.

As used herein, “**Tranche**” means Trust Certificates which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Trust Certificates together with any further Tranche or Tranches of Trust Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for their respective Issue Dates, the amount and date of the first payment of Periodic Distribution Amounts (as defined below) thereon and the date from which Periodic Distribution Amounts start to accrue. Additionally, “**Aggregate Face Amount**” means, in respect of a Series or Tranche (as applicable) of Trust Certificates, the amount specified as such in the applicable Final Terms;

Each of the Trust Certificates will represent an undivided ownership interest in the Trust Assets (as defined in Condition 4.1) which are held by the Trustee on trust (the “**Trust**”) for, *inter alia*, the benefit of the registered holders of the Trust Certificates pursuant to (i) an amended and restated Master Trust Deed (the “**Master Trust Deed**”) dated 29 December 2016 and made between the Issuer, the Trustee, Investment Corporation of Dubai (acting in any capacity, “**ICD**”) and Citicorp Trustee Company Limited (the “**Delegate**”) and (ii) a supplemental trust deed (the “**Supplemental Trust Deed**”) and, together with the Master Trust Deed, the “**Trust Deed**”) having the details set out in the applicable Final Terms.

Payments relating to the Trust Certificates will be made pursuant to an amended and restated agency agreement dated 29 December 2016 (the “**Agency Agreement**”) made between the Issuer, the Trustee, the Delegate, ICD, Citibank N.A., London Branch in its capacities as principal paying agent (in such capacity, the “**Principal Paying Agent**”, which expression shall include any successor and, together with any other paying agents appointed, the “**Paying Agents**”, which expression shall include any successors) and calculation agent (in such capacity, the “**Calculation Agent**”, which expression shall include any successor) and Citigroup Global Markets Deutschland AG in its capacities as registrar (in such capacity, the “**Registrar**”, which expression shall include any successor) and as transfer agent (in such capacity and together with the Registrar, the “**Transfer Agents**”, which expression shall include any successors). The Paying Agents, the Calculation Agent, the Transfer Agents and the Registrar are together referred to in these Conditions as the “**Agents**”.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions:

- (a) any reference to face amount shall be deemed to include the relevant Dissolution Amount (as defined in Condition 8.1), any additional amounts (other than relating to Periodic Distribution Amounts (as defined in Condition 6.2)) which may be payable under Condition 11, and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (c) references to Trust Certificates being “outstanding” shall be construed in accordance with the Master Trust Deed; and
- (d) any reference to a Transaction Document (as defined below) shall be construed as a reference to that Transaction Document as amended and/or supplemented from time to time.

Subject as set out below, copies of the documents set out below are available for inspection and obtainable free of charge by the Certificateholders during normal business hours at the specified office for the time being of the Principal Paying Agent. The holders of the Trust Certificates are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

- (a) an amended and restated master purchase agreement between the Trustee (in its capacity as trustee and as purchaser) and Investment Corporation of Dubai (in its capacity as seller, the “**Seller**”) dated 29 December 2016 (the “**Master Purchase Agreement**”);
- (b) the supplemental purchase agreement (the “**Supplemental Purchase Agreement**” and, together with the Master Purchase Agreement, the “**Purchase Agreement**”) having the details set out in the applicable Final Terms;
- (c) an amended and restated master lease agreement between the Trustee (in its capacity as trustee and as lessor, the “**Lessor**”), Investment Corporation of Dubai (in its capacity as lessee, the “**Lessee**”) and the Delegate dated 29 December 2016 (the “**Master Lease Agreement**”);
- (d) the supplemental lease agreement (the “**Supplemental Lease Agreement**” and, together with the Master Lease Agreement, the “**Lease Agreement**”, which expression includes any replacement Supplemental Lease Agreement entered into pursuant to the Purchase Undertaking, the Sale Undertaking and/or the Substitution and Purchase of Additional Assets Undertaking (each as defined below), as the case may be) having the details set out in the applicable Final Terms;
- (e) an amended and restated purchase undertaking entered into by ICD (in its capacity as obligor) as a deed dated 29 December 2016 (the “**Purchase Undertaking**”) and containing the form of sale agreement to be executed by ICD and the Trustee on the Maturity Date or, as the case may be, the relevant Dissolution Date (as defined in Condition 10.9);
- (f) an amended and restated sale undertaking entered into by ICD Sukuk Company Limited (in its capacity as issuer and as trustee) as a deed dated 29 December 2016 (the “**Sale Undertaking**”) containing the form of sale agreement to be executed by ICD and ICD Sukuk Company Limited on the relevant Dissolution Date or (as applicable) Cancellation Date (as defined in Condition 10.7);
- (g) an amended and restated substitution and purchase of additional assets undertaking entered into by ICD Sukuk Company Limited (in its capacity as issuer and as trustee) as a deed dated 29 December 2016 (the “**Substitution and Purchase of Additional Assets Undertaking**”) containing the form of sale agreement to be executed by ICD, ICD Sukuk Company Limited and (where applicable) the relevant seller entity specified therein on the exercise by ICD of its rights under the Substitution and Purchase of Additional Assets Undertaking;
- (h) a master murabaha agreement entered into by the Trustee (in its capacity as seller), ICD (in its capacity as purchaser) and the Delegate dated 29 December 2016 (the “**Master Murabaha Agreement**”);
- (i) a servicing agency agreement between the Lessor and ICD (in its capacity as servicing agent, the “**Servicing Agent**”) dated 29 December 2016 (the “**Servicing Agency Agreement**”);
- (j) the Trust Deed;
- (k) the Agency Agreement; and
- (l) the applicable Final Terms.

The documents listed in paragraphs (a) to (k) above are referred to in these Conditions as the “**Transaction Documents**”. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Each initial Certificateholder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Issuer (acting as trustee, on behalf of the Certificateholders) (i) to apply the sums paid by it in respect of its Trust Certificates in making payment (x) (in the case of the first Tranche of each Series) to the Seller (or, as applicable, the relevant seller entity) as the purchase price for the Lease

Assets or, as the case may be, (y) (in the case each subsequent Tranche of such Series issued in accordance with Condition 19) to ICD or (as applicable) the relevant seller entity pursuant to the applicable sale agreement entered into pursuant to the Substitution and Purchase of Additional Assets Undertaking and (ii) to enter into each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Trust Certificates are issued in registered form in the Specified Denominations and, in the case of Trust Certificates in definitive form, are serially numbered.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Delegate, ICD and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to payment in respect of such Trust Certificates, for which purpose the registered holder of the Global Trust Certificate shall be treated by the Issuer, the Trustee, the Delegate, ICD and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions “**Certificateholder**” and “**holder**” in relation to any Trust Certificates and related expressions shall be construed accordingly.

Trust Certificates which are represented by a Global Trust Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, ICD, the Principal Paying Agent and the Delegate.

1.2 Register

The Registrar will maintain a register (the “**Register**”) of Certificateholders in respect of the Trust Certificates in accordance with the provisions of the Agency Agreement. In the case of Trust Certificates in definitive form, a definitive Trust Certificate will be issued to each Certificateholder in respect of its registered holding of Trust Certificates.

1.3 Title

The Issuer, the Trustee, the Delegate, ICD and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Trust Certificate is for the time being registered (as set out in the Register) as the holder of such Trust Certificate or of a particular face amount of the Trust Certificates for all purposes (whether or not such Trust Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Issuer, the Trustee, the Delegate, ICD and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Trust Certificate or face amount.

2. TRANSFERS OF TRUST CERTIFICATES

2.1 Transfers of beneficial interests in the Global Trust Certificate

Transfers of beneficial interests in the Global Trust Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Trust Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Trust Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Trust Certificates in definitive form

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Trust Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer the holder or holders must (i) surrender the definitive Trust Certificate for registration of the transfer thereof (or the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent. Any such transfer will be subject to such reasonable regulations as the Issuer, ICD, the Delegate and the Registrar may from time to time prescribe (the initial such regulations being scheduled to the Master Trust Deed).

Subject as provided above, the relevant Transfer Agent will, as soon as reasonably practicable, and in any event within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), and following receipt of a signed new Trust Certificate in definitive form from the Issuer, deliver at its specified office to the transferee or (at the risk of the transferee) send by regular uninsured mail to such address as the transferee may request a new Trust Certificate in definitive form of a like aggregate face amount to the Trust Certificate (or the relevant part of the Trust Certificate) transferred. In the case of the transfer of part only of a Trust Certificate in definitive form, a new Trust Certificate in definitive form in respect of the balance of the Trust Certificate not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

No Certificateholder may require the transfer of a Trust Certificate in definitive form to be registered during the period of 15 days ending on a Periodic Distribution Date, the Maturity Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

2.3 Costs of registration

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS AND LIMITED RECOURSE

3.1 Status

Each Trust Certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Trust Deed and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Issuer. Each Trust Certificate ranks *pari passu*, without any preference or priority, with all other Trust Certificates.

3.2 Limited Recourse

The proceeds of the Trust Assets are the sole source of payments on the Trust Certificates. The Trust Certificates do not represent an interest in any of the Issuer, the Trustee, ICD, the Delegate, the Agents or any of their respective affiliates. Accordingly, Certificateholders will have no recourse to any assets of the Issuer, the Trustee (other than the Trust Assets), ICD (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

ICD is obliged to make certain payments under the Transaction Documents directly to the Trustee and the Trustee and/or the Delegate (acting on behalf of the Certificateholders) will have direct recourse against ICD to recover such payments.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Trust Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Trust Certificates, subject to Condition 14, no holder of Trust Certificates will have any claim against the Issuer, the Trustee (to the extent the Trust Assets have been exhausted), ICD (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, neither the Delegate nor any Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Issuer or the Trustee as a consequence of such shortfall or otherwise.

3.3 Agreement of Certificateholders

By purchasing the Trust Certificates, each Certificateholder agrees that notwithstanding anything to the contrary contained herein or in any Transaction Document:

- (a) no payment of any amount whatsoever shall be made by the Issuer or the Trustee or any of its directors, officers, employees or agents on its behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount due and owing hereunder or under any other Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or thereunder or any other obligation or claim arising out of or based upon, these Conditions or any other Transaction Document, against the Issuer or the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Issuer and the Trustee shall be extinguished;
- (b) it will not petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Issuer or the Trustee or any of its directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Issuer or the Trustee arising under or in connection with these Conditions or any other Transaction Document by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director or corporate services provider of the Issuer or the Trustee in their capacity as such. The obligations of the Issuer and the Trustee under these Conditions and each other Transaction Document to which it is a party are corporate or limited liability obligations of the Issuer and the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Issuer or the Trustee (in their capacity as such), save in the case of their wilful default or actual fraud. Reference in this Condition to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party.

4. THE TRUST

4.1 The Trust Assets

Pursuant to the Trust Deed, the Trustee holds the Trust Assets upon trust absolutely for the holders of the Trust Certificates *pro rata* according to the face amount of Trust Certificates held by each holder. For the purposes of these Conditions:

“**Asset Portfolio**” means, in respect of each Series, the assets comprised in the relevant Tangible Asset Portfolio together with each Murabaha Transaction (if any) relating to the Series and all other rights arising under or with respect to such Tangible Asset Portfolio and Murabaha Transactions (including the right to receive payment of the Deferred Sale Prices and any other amounts or distributions due in connection with the relevant Tangible Asset Portfolio), as the same may be commingled from time to time pursuant to clause 3.16 of the Master Trust Deed. For the avoidance of doubt, an Asset Portfolio for a Series may comprise solely of a Tangible Asset Portfolio (and no Murabaha Transactions);

“**Tangible Assets**” means the tangible assets described in the Schedule to the relevant Supplemental Purchase Agreement;

“**Tangible Assets Portfolio**” means, in respect of each Series, the Tangible Assets, together (collectively) with any Additional Tangible Assets, of such Series;

“**Trust Assets**” means, in respect of each Series:

- (a) the cash proceeds of the issue of Trust Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) all of the Trustee’s rights, title, interests, benefits and entitlement, present and future, in, to and under the relevant Asset Portfolio;
- (c) all of the Trustee’s rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given to the Trustee or the Issuer by ICD pursuant to any of the Transaction Documents and any rights which have been waived by the Trustee in any of the Transaction Documents);
- (d) all monies standing from time to time to the credit of the Transaction Account,

and all proceeds of the foregoing; and

“**Transaction Account**” means, in respect of any Series, the non-interest bearing account, denominated in the Specified Currency and operated by the Principal Paying Agent on behalf of the Issuer for the benefit and use of the Certificateholders, specified as such in the applicable Final Terms.

4.2 Application of Proceeds from the Trust Assets

On each Periodic Distribution Date and on the Maturity Date or any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, (to the extent not previously paid) to the Delegate and/or any Appointee (as defined in the Master Trust Deed) in respect of all amounts owing to it under the Transaction Documents;
- (b) *second*, in or towards reimbursement *pari passu* and rateably of any amounts paid by any Indemnifying Parties (as defined in the Master Trust Deed), together with profit payable thereon as provided in the Master Trust Deed;
- (c) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

- (d) *fourth*, only if such payment is due on the Maturity Date or a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount; and
- (e) *fifth*, only on the Maturity Date or any Dissolution Date and *provided that* all amounts required to be paid on the Trust Certificates have been discharged in full, in payment of any residual amount, to ICD.

For the purposes of these Conditions, “**Required Amount**” means the aggregate of the amounts described in paragraphs (a), (b) and (c) of Condition 4.2 and, in relation to the Maturity Date or a Dissolution Date, the aggregate of the amounts described in paragraphs (a), (b), (c) and (d) of Condition 4.2;

4.3 Purchase of the Tangible Assets and entry into Murabaha Transactions

On the Issue Date of each Tranche, upon receipt by the Issuer of the issue price in respect of the issue of the relevant Trust Certificates, the Trustee will use such amount (the “**Issue Proceeds**”) as described below.

- (a) In relation to the first Tranche to be issued under a Series, the Trustee will apply the Issue Proceeds of that Tranche as follows:
 - (i) pursuant to the terms of the Master Purchase Agreement and the relevant Supplemental Purchase Agreement, to use the requisite portion of the Issue Proceeds to pay the amount specified in the applicable Final Terms as the purchase price (the “**Purchase Price**”) for the relevant tangible assets (the “**Tangible Assets**”) (being an amount equal to the relevant Issue Proceeds less the Cost Price (as defined below) (if any)) to ICD (in its capacity as seller) as consideration for the purchase by the Trustee of the Tangible Assets (as may be substituted or added to from time to time pursuant to the Substitution and Purchase of Additional Assets Undertaking), *provided that* the Value of the Tangible Assets as at the relevant Issue Date is no less than 51 per cent. of the Aggregate Face Amount of the relevant Tranche. Each such Tangible Asset shall immediately be leased (each a “**Lease Asset**”) by the Trustee (in such capacity, the “**Lessor**”) to ICD (in such capacity, the “**Lessee**”) in return for periodic rental payments to the Trustee (“**Rental**”) pursuant to the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement (together with the Master Lease Agreement, the “**Lease Agreement**”). *The term of such lease will equal the tenor of the Trust Certificates of the relevant Series and the amount of each such Rental will (after satisfaction of certain prior ranking expenses (as further described below)) be equal to the Periodic Distribution Amount payable for the corresponding period under the Trust Certificates which the Issuer will pay the Certificateholders on each Periodic Distribution Date; and*
 - (ii) pursuant to the terms of the Master Murabaha Agreement:
 - (A) to use the remainder of the Issue Proceeds (if any) (in the Trustee’s capacity as seller) (being an amount that is (x) no more than 49 per cent. of the Aggregate Face Amount of the relevant Tranche and (y) equal to the Issue Proceeds of the relevant Tranche *less* the Purchase Price of the Tangible Assets as at the relevant Issue Date) to purchase (acting through a purchase agent) commodities (“**Commodities**”) (at the cost price (if any) specified in the applicable Final Terms (the “**Cost Price**”)) to be sold to ICD (in its capacity as purchaser) for an amount to be paid on a deferred payment basis (the “**Deferred Sale Price**”) (the “**Murabaha Transaction**”). Upon purchasing Commodities from the Trustee, ICD shall be entitled to on-sell such Commodities directly to another purchaser *provided that* such other purchaser is not the same person from which the relevant Commodities were originally purchased by the Trustee pursuant to the relevant Murabaha Transaction; and

- (B) the Deferred Sale Price in respect of each Murabaha Transaction will comprise the Cost Price of the relevant Commodities and a profit mark-up being at least 1 per cent. of the relevant Cost Price (the “**Murabaha Profit**”). Subject to the immediately following sentence, each Deferred Sale Price shall, to the extent not previously paid in full, be payable in full upon maturity of the Murabaha Transaction, which date will coincide with the redemption of the Trust Certificates on the relevant Maturity Date or, if earlier, other final Dissolution Date. Any Murabaha Profit shall be payable in instalments prior to each Periodic Distribution Date as described in the Master Murabaha Agreement.
- (b) In relation to each other Tranche of Trust Certificates (such additional Trust Certificates, the “**Additional Trust Certificates**”) to be issued under a Series, the Trustee will apply the Issue Proceeds of any such Additional Trust Certificates as follows:
- (i) pursuant to the Substitution and Purchase of Additional Assets Undertaking and the relevant sale agreement:
 - (A) to use the requisite portion of the Issue Proceeds to pay the amounts specified in the applicable Final Terms as the purchase price (the “**Additional Purchase Price**”) for the relevant additional tangible assets (the “**Additional Tangible Assets**”) (being an amount equal to the relevant Issue Proceeds less the Cost Price (if any)) to ICD (in its capacity as seller) as consideration for the purchase by the Trustee of the Additional Tangible Assets, *provided that* the Value of the Additional Tangible Assets as at the relevant Issue Date is no less than 51 per cent. of the Aggregate Face Amount of the relevant Tranche; and
 - (B) upon issue of the Additional Trust Certificates, the Trustee and ICD will execute an amended and restated Supplemental Lease Agreement for the Series pursuant to which the Additional Tangible Assets, together with the Tangible Assets and any other Additional Tangible Assets relating to the Series (collectively, the “**Tangible Asset Portfolio**”) will constitute the new Lease Assets and be leased by the Trustee (acting in its capacity as Lessor) to ICD (acting in its capacity as Lessee). The amended and restated Supplemental Lease Agreement for the Series, together with the Master Lease Agreement, will constitute a new Lease Agreement; and
 - (ii) to use the remainder of the Issue Proceeds (if any) (in the Trustee’s capacity as seller) as the Cost Price (being an amount that is (i) no more than 49 per cent. of the Aggregate Face Amount of the relevant Tranche and (ii) equal to the Issue Proceeds of the relevant Tranche *less* the Additional Purchase Price of the Additional Tangible Assets as at the relevant Issue Date) to be used to enter into a Murabaha Transaction with ICD (in its capacity as purchaser) on a deferred payment basis for the relevant Deferred Sale Price.

On the date upon which any sale agreement is entered into in connection with the creation and issuance of Additional Trust Certificates as described above (being the relevant Issue Date for that Tranche of Trust Certificates), the Trustee and ICD will execute a declaration of commingling of assets (the “**Declaration of Commingling of Assets**”) for and on behalf of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates so created and issued, declaring that the relevant Additional Tangible Assets and the Lease Assets in respect of the relevant Series in existence immediately prior to the creation and issue of the Additional Trust Certificates, together with each Murabaha Transaction (if any) relating to the relevant Series and all other rights arising under or with respect to the relevant Tangible Asset Portfolio and Murabaha Transactions (including the right to receive payment of the Deferred Sale Prices and any other amounts or distributions due in connection with the relevant Tangible Asset Portfolio), are commingled and shall

collectively comprise the Asset Portfolio in respect of the relevant Series and part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates as tenants in common *pro rata* according to the aggregate face amount of Trust Certificates held by each Certificateholder, in accordance with the Master Trust Deed. For the avoidance of doubt, an Asset Portfolio for a relevant Series of Trust Certificates may comprise solely Tangible Assets, without any Issue Proceeds being applied towards any Murabaha Transaction.

- (c) In respect of each Series, pursuant to the terms of the Master Murabaha Agreement and the relevant Murabaha Transaction(s), the Total Deferred Sale Price of such Series shall be payable upon maturity of the Murabaha Transactions and will coincide with the Maturity Date or, as the case may be, the relevant Dissolution Date of the Trust Certificates. The Total Deferred Sale Price shall be credited directly to the Transaction Account on the Business Day immediately preceding the Maturity Date or, as the case may be, the relevant Dissolution Date. In respect of a redemption of less than 100 per cent. of the Certificates on a Certificateholder Put Right Date, Change of Control Put Date or Optional Dissolution Date, the relevant *pro rata* proportion of the Total Deferred Sale Price of a Series which shall be payable on the relevant Dissolution Date will be determined by multiplying the Total Deferred Sale Price of the relevant Series by the applicable Relevant Percentage.

For the purposes of these Conditions:

“**Relevant Percentage**” means, with respect to each Series of Trust Certificates and the corresponding Murabaha Transactions (if any), the percentage calculated as follows:

$$\frac{P}{C} \times 100$$

where P = the aggregate face amount of, as the case may be, the relevant: (i) Certificateholder Put Right Trust Certificates; (ii) Change of Control Trust Certificates; (iii) Optional Dissolution Trust Certificates; or (iv) other specified Trust Certificates; and

C = the Aggregate Face Amount of the relevant Series of Trust Certificates;

“**Total Deferred Sale Price**” means, from time to time and at any time, in respect of a Series of Trust Certificates and the corresponding Murabaha Transactions (if any), the aggregate amount of the applicable Deferred Sale Price(s) under all Murabaha Transactions (if any) of such Series; and

“**Value**” means, at any time: (i) in respect of any Tangible Asset, the value thereof as determined by ICD at such time; and (ii) in respect of any Murabaha Transaction, the Deferred Sale Price thereof.

Pursuant to the terms of the Master Murabaha Agreement, the Trustee may appoint a purchase agent to perform on its behalf all acts and execute all documents necessary for the purchase of the Commodities from the relevant commodity supplier(s) in accordance with the terms of Master Murabaha Agreement.

In respect of any Series, the applicable Exercise Price payable by ICD under the Purchase Undertaking or the Sale Undertaking (as applicable), together with the applicable Deferred Sale Price(s) payable to the Trustee under the Master Murabaha Agreement and the relevant Murabaha Transactions (if any), are intended to fund the relevant Dissolution Amount and all accrued but unpaid Periodic Distribution Amounts payable by the Trustee under the Trust Certificates.

5. COVENANTS

5.1 Issuer Covenants

The Issuer covenants that, for so long as any Trust Certificate is outstanding, it will not (without the prior written consent of the Delegate):

- (a) incur any indebtedness in respect of borrowed money whatsoever (whether structured in accordance with the principles of the *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates except, in all cases, as contemplated in the Transaction Documents;
- (b) grant or permit to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to the Transaction Documents;
- (d) use the proceeds of the issue of the Trust Certificates for any purpose other than as stated in the Transaction Documents;
- (e) except as provided in Condition 17, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association;
- (f) act as trustee in respect of any trust other than a trust corresponding to any other Series issued under the Programme;
- (g) have any subsidiaries or employees;
- (h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:
 - (i) as provided for or permitted in the Transaction Documents;
 - (ii) the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

5.2 ICD Negative Pledge

ICD undertakes that for so long as any of the Trust Certificates remains outstanding (as defined in the Master Trust Deed), it will not: (i) create or permit to subsist any mortgage, charge, lien, pledge or other security interest (including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction) (each, a “**Security Interest**”), other than a Permitted Security Interest (as defined below), upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined

below), or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing its obligations under the Transaction Documents to which it is a party (in whatever capacity) equally and rateably with the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other Security Interest as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Certificateholders.

For the purposes of these Conditions:

“Non-recourse Project Financing” means any financing of all or part of the costs of the acquisition, construction or development of any project, *provided that*:

- (a) any Security Interest given by ICD in connection therewith is limited solely to the assets of the project;
- (b) the persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for the moneys advanced; and
- (c) there is no other recourse to ICD in respect of any default by any person under the financing;

“Permitted Security Interest” means:

- (a) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Certificateholders;
- (b) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Trust Certificates;
- (c) any Security Interest granted to secure a Non-recourse Project Financing or to secure any indebtedness incurred in connection with a Securitisation;
- (d) any Security Interest securing Relevant Indebtedness of a person existing at the time that such person is merged into, or consolidated with, or acquired by, ICD, *provided that* such Security Interest was not created in contemplation of such merger, consolidation or acquisition and does not extend to any other assets or property of ICD;
- (e) any Security Interest existing on any property or assets prior to the acquisition thereof by ICD and not created in contemplation of such acquisition;
- (f) any Security Interest created by, or outstanding in respect of, ICD, *provided that* the amount of any Relevant Indebtedness secured by such Security Interest (when aggregated with the amount (if any) of Relevant Indebtedness secured by other Security Interests created by, or outstanding in respect of, ICD (but ignoring for these purposes any Relevant Indebtedness secured by any Security Interest under sub-paragraphs (a) to (e) above (inclusive) and paragraph (g) below)) does not exceed 10 per cent. of the consolidated total assets of ICD and its consolidated subsidiaries, as shown in the most recent prepared audited consolidated financial statements of ICD and its consolidated subsidiaries; or
- (g) any renewal of or substitution for any Security Interest permitted by any of sub-paragraphs (a) to (f) (inclusive) of this definition, *provided that* with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

“Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock, Sukuk Obligations in respect of certificates or other securities, in each case which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

“**Securitisation**” means any securitisation of existing or future assets and/or revenues, *provided that*:

- (a) any Security Interest given by ICD in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation;
- (b) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the sole source of repayment for the money advanced or payment of any other liability; and
- (c) there is no other recourse to ICD in respect of any default by any person under the securitisation; and

“**Sukuk Obligation**” means any undertaking or other obligation to pay money given in connection with the issue of sukuk certificates or other securities intended to be issued in compliance with the principles of *Shari’a*, whether or not in return for consideration of any kind.

6. FIXED PERIODIC DISTRIBUTION PROVISIONS

6.1 Application

This Condition is applicable to the Trust Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

6.2 Periodic Distribution Amount

Subject to Condition 4.2 and Condition 8 and unless otherwise specified in the applicable Final Terms, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Trust Certificates on each Periodic Distribution Date equal to the Periodic Distribution Amount payable in arrear in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

In these Conditions:

“**Periodic Distribution Amount**” means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Trust Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with this Condition 6 or Condition 7; and

“**Return Accumulation Period**” means the period from (and including) a Periodic Distribution Date (or the Return Accrual Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date.

6.3 Determination of Periodic Distribution Amount

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount or, if so specified in the applicable Final Terms, the Broken Amount so specified.

Except in the case of Trust Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate shall be calculated by applying the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions as completed by the applicable Final Terms (the “**Rate**”) applicable to the relevant Return Accumulation Period to:

- (a) in the case of Trust Certificates which are represented by a Global Trust Certificate, the aggregate outstanding face amount of the Trust Certificates represented by such Global Trust Certificate; or
- (b) in the case of Trust Certificates in definitive form, the Calculation Amount (as defined in this Condition 6.3),

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in this Condition 6.3), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Trust Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Trust Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Calculation Amount**” means the amount specified as such in the applicable Final Terms;

“**Day Count Fraction**” means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition:

- (a) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
 - (i) in the case of Trust Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Trust Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.4 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the relevant Dissolution Date, unless a sale agreement has not been executed in accordance with the provisions of the Purchase Undertaking or the Sale Undertaking, as the case may be, in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust

Certificates in the manner provided in this Condition, *provided that* no such amounts will continue to accrue in the case of a Total Loss Event.

7. FLOATING PERIODIC DISTRIBUTION PROVISIONS

7.1 Application

This Condition is applicable to the Trust Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

7.2 Periodic Distribution Amount

Subject to Condition 4.2 and 8 and unless otherwise specified in the applicable Final Terms, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Trust Certificates in arrear on either:

- (a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a “**Periodic Distribution Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accrual Commencement Date.

In relation to each Periodic Distribution Date, the distribution payable will be equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) in any case where Specified Periods are specified in accordance with Condition 7.2(b) above, the Floating Rate Convention, such Periodic Distribution Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or
- (b) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (c) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (d) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

“**Business Day**” means a day which is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open; and
- (c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the relevant place of presentation and any Additional Business Centre) or (ii) in relation to any sum payable in euro, a TARGET Settlement Day; and

“**TARGET Settlement Day**” means any day on which the TARGET2 System is open.

7.3 Screen Rate Determination

- (a) If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms (being any of LIBOR, EURIBOR or EIBOR) or calculated or determined in accordance with the provisions of these Conditions as completed by the applicable Final Terms (the “**Rate**”) is to be determined, the Rate applicable to the Trust Certificates for each Return Accumulation Period will, subject as provided below, be either:
 - (i) the offered quotation; or
 - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR or Dubai time, in the case of EIBOR) (the “**Relevant Time**”) on the Periodic Distribution Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

- (b) If the Relevant Screen Page is not available or if, in the case of Condition 7.3(a)(i), no offered quotation appears or, in the case of Condition 7.3(a)(ii), fewer than three offered quotations appear, in each case as at the Relevant Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate for such Return Accumulation Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

- (c) If on any Periodic Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate for such Return Accumulation Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Periodic Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Emirates inter-bank market (if the Reference Rate is EIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Periodic Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of ICD suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Emirates inter-bank market (if the Reference Rate is EIBOR) plus or minus (as appropriate) the Margin (if any), *provided that*, if the Rate for such Return Accumulation Period cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate for such Return Accumulation Period shall be determined as at the last preceding Periodic Distribution Determination Date (though substituting, where a different Margin is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin relating to the relevant Return Accumulation Period in place of the Margin relating to that last preceding Return Accumulation Period).

In this Condition the following expressions have the following meanings:

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EIBOR, the principal United Arab Emirates office of four major banks in the Emirates inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent and approved in writing by the Delegate; and

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

7.4 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the relevant Dissolution Date, unless a sale agreement has not been executed in accordance with the provisions of the Purchase Undertaking or the Sale Undertaking, as the case may be, in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition, *provided that* no such amounts will continue to accrue in the case of a Total Loss Event.

7.5 Calculation of Periodic Distribution Amount

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable

in respect of each Trust Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate (subject to any Maximum Profit Rate or Minimum Profit Rate as specified in the applicable Final Terms) applicable to:

- (a) in the case of Trust Certificates which are represented by a Global Trust Certificate, the aggregate outstanding face amount of the Trust Certificates represented by such Global Trust Certificate; or
- (b) in the case of Trust Certificates in definitive form, the Calculation Amount (as defined in this Condition 7.5),

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in this Condition 7.5), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Trust Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Trust Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Calculation Amount**” means the amount specified as such in the applicable Final Terms; and

“**Day Count Fraction**” means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition:

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (b) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;
- (c) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (d) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;
- (e) if “30/360” “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

D₁ is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

D₁ is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case **D₂** will be 30; and

- (g) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

D₁ is the first calendar day, expressed as a number, of the Return Accumulation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

7.6 Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Rate for such Return Accumulation Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period *provided however that* if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Designated Maturity**” means the period of time designated in the Reference Rate.

7.7 Publication

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, ICD, the Delegate, the Paying Agents and any stock exchange on which the relevant Trust Certificates in respect of which Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in any event not later than the fourth London Business Day thereafter. Each Periodic Distribution Amount and Periodic Distribution Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Return Accumulation Period. Any such amendment will be promptly notified to each stock exchange on which such Trust Certificates are for the time being listed and to the Certificateholders in accordance with Condition 16. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

7.8 Determination by the Delegate

The Delegate shall, if the Calculation Agent defaults at any time in its obligation to determine any Rate, Periodic Distribution Amount and/or Periodic Distribution Date in accordance with the above provisions or otherwise as specified in the applicable Final Terms, determine in accordance with Condition 7.5 above the relevant Rate, Periodic Distribution Amount and/or Periodic Distribution Date, the former at such rate as, in its discretion (having such regard as it shall think fit to the procedure described above but subject always to any Minimum Profit Rate or Maximum Profit Rate specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances (having such regard as it thinks fit to Condition 7.3 above) and the Periodic Distribution Amount and the Periodic Distribution Date in the manner provided in this Condition and the determinations shall be deemed to be determinations by the Calculation Agent.

7.9 Notifications, etc. to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Calculation Agent or, in accordance with Condition 7.8 above, the Delegate will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Delegate, ICD, the Agents and all Certificateholders and (in the absence of wilful default or bad faith) no liability shall attach to the Calculation Agent or the Delegate in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

8. PAYMENT

8.1 Payments in respect of the Trust Certificates

Subject to Condition 8.2, payment of the Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder. Payments of any Dissolution Amount will only be made against surrender of the relevant Trust Certificate at the specified office of any of the Paying Agents. Each Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition:

- (a) “**Dissolution Amount**” means, as appropriate, the Final Dissolution Amount, the Tax Dissolution Amount, the Optional Dissolution Amount, the Change of Control Dissolution Amount, the Dissolution Amount specified in the applicable Final Terms for the purposes of Condition 13, the amount payable pursuant to the Transaction Documents following the occurrence of a Total Loss Event, or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms;
- (b) “**Payment Business Day**” means:
 - (i) in the case where presentation and surrender of a definitive Trust Certificate is required before payment can be made, a day on which banks in the relevant place of surrender of the definitive Trust Certificate are open for presentation and payment of securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account:
 - (A) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (B) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre;
- (c) a Certificateholder’s “**registered account**” means the account maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;
- (d) a Certificateholder’s “**registered address**” means its address appearing on the Register at that time; and
- (e) “**Record Date**” means (i) (where the Trust Certificate is represented by a Global Trust Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date, Maturity Date or the relevant Dissolution Date, as the case may be; or (ii) (where the Trust Certificate is in definitive form), in the case of the payment of a Periodic Distribution Amount, the date falling on the 15th day before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the Maturity Date or the relevant Dissolution Date, as the case may be.

8.2 Payments subject to Applicable Laws

Payments in respect of Trust Certificates are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto.

8.3 Payment only on a Payment Business Day

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of the Dissolution Amount, if later, on the Payment Business Day on which the relevant definitive Trust Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the relevant Certificateholder is late in surrendering its definitive Trust Certificate (if required to do so).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

9. AGENTS

9.1 Agents of Issuer

In acting under the Agency Agreement and in connection with the Trust Certificates, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

9.2 Specified Offices

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents *provided, however, that:*

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) if a Calculation Agent (other than the Principal Paying Agent) has been appointed in the applicable Final Terms, there will at all times be a Calculation Agent; and
- (c) so long as any Trust Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any variation, termination, appointment or change will be given to the Certificateholders promptly by the Issuer in accordance with Condition 16 and will take effect on such date as complies with the provisions of the Agency Agreement.

10. CAPITAL DISTRIBUTIONS OF THE TRUST

10.1 Scheduled Dissolution

Unless the Trust Certificates are previously redeemed or purchased and cancelled, the Issuer will redeem each Trust Certificate on the Maturity Date at the Final Dissolution Amount together with any Periodic Distribution Amount payable. Upon payment in full of such amounts to the Certificateholders, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

In respect of any Series, the applicable exercise price payable by ICD under the Purchase Undertaking, together with the Total Deferred Sale Price Outstanding payable to the Trustee under the Master Murabaha Agreement and the relevant Murabaha Transactions (if any), are intended to fund the aggregate Final Dissolution Amount and all accrued but unpaid Periodic Distribution Amounts payable by the Trustee in respect of the Trust Certificates.

10.2 Early Dissolution for Tax Reasons

Upon the occurrence of a Tax Event (as defined below), ICD may in its sole discretion deliver to the Trustee a duly completed Exercise Notice (as defined in the Sale Undertaking) in accordance with the provisions of the Sale Undertaking and, upon receipt of such notice, the Issuer shall, having given:

- (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Certificateholders in accordance with Condition 16; and
- (b) not less than the minimum period of days before the giving of the notice referred to in (a) above, to the Delegate, the Principal Paying Agent and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption, being the “**Tax Dissolution Date**”) redeem the Trust Certificates in whole, but not in part (x) at any time (if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable) or (y) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable) at the Tax Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts.

For the purposes of these Conditions, “**Tax Event**” means:

- (i) (A) on the occasion of the next payment due under the Trust Certificates the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands (or any political subdivision or authority thereof or therein having the power to tax) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issuance of the first Tranche of the relevant Series of Trust Certificates and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) (A) the receipt by the Trustee of notice from ICD that ICD (acting in its capacity as Lessee) has or will become obliged to pay additional amounts pursuant to the terms of the relevant Lease Agreement to the extent they are required to be paid pursuant to the federal laws or regulations of the UAE then in force as a result of any change in, or amendment to, the federal laws or regulations of the UAE (or any political subdivision or authority thereof or therein having the power to tax) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issuance of the first Tranche of the relevant Series of Trust Certificates and (B) such obligation cannot be avoided by ICD taking reasonable measures available to it,

provided, that no such notice of redemption shall be given (x) unless an Exercise Notice has been received by the Trustee from ICD under the Sale Undertaking as aforesaid and (y) earlier than 90 days prior to the earliest date on which (in the case of (i) above) the Issuer would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due or (in the case of (ii) above) ICD would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Lease Agreement was then due.

Prior to the publication of any notice of redemption pursuant to this Condition 10.2, the Issuer shall deliver to the Delegate to make available at its specified office to the Certificateholders (1) a certificate signed by two Authorised Signatories (in the case of (i) above) or two Authorised Signatories of ICD (in the case of (ii) above) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent in (i) or (ii)

above to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, ICD has or will become obliged to pay such additional amounts as a result of such change or amendment and the Delegate shall be entitled to accept the certificate as sufficient evidence of the conditions precedent set out above, in which event it shall be conclusive and binding on the Certificateholders.

Upon the expiry of any such notice as is referred to in this Condition 10.2, the Issuer shall be bound to redeem the Trust Certificates at the Tax Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts and, upon payment in full of such amounts to the Certificateholders, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

In respect of any Series, the applicable exercise price payable by ICD under the Sale Undertaking, together with the Total Deferred Sale Price Outstanding payable to the Trustee under the Master Murabaha Agreement and the relevant Murabaha Transactions (if any), are intended to fund the aggregate Tax Dissolution Amount and all accrued but unpaid Periodic Distribution Amounts payable by the Trustee in respect of the Trust Certificates.

10.3 Dissolution at the Option of the Issuer

If Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable, ICD may in its sole discretion deliver to the Trustee a duly completed Exercise Notice (as defined in the Sale Undertaking) in accordance with the provisions of the Sale Undertaking and, upon receipt of such notice, the Issuer shall, having given:

- (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Certificateholders in accordance with Condition 16; and
- (b) not less than the minimum period of days before the giving of the notice referred to in (a) above, to the Delegate, the Principal Paying Agent and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Trust Certificates then outstanding on any Optional Dissolution Date and at the Optional Dissolution Amount(s) specified in the applicable Final Terms together with all unpaid Periodic Distribution Amounts accrued to (but excluding) the relevant Optional Dissolution Date, *provided that* no such notice of redemption shall be given unless an Exercise Notice has been received by the Trustee under the Sale Undertaking as aforesaid. Any such redemption must be of an aggregate face amount not less than the Minimum Optional Dissolution Amount and not more than the Maximum Optional Dissolution Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Trust Certificates, the Trust Certificates to be redeemed (“**Redeemed Trust Certificates**”) will (i) in the case of Redeemed Trust Certificates represented by definitive Trust Certificates, be selected individually by lot, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”) and (ii) in the case of Redeemed Trust Certificates represented by a Global Trust Certificate, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg. In the case of Redeemed Trust Certificates represented by definitive Trust Certificates, a list of the serial numbers of such Redeemed Trust Certificates will be published in accordance with Condition 16 not less than 15 days prior to the date fixed for redemption.

Upon such redemption, (*provided that* the Trust Certificates are redeemed in their entirety) the Trust will be dissolved, the Redeemed Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

In respect of any Series, the applicable exercise price payable by ICD under the Sale Undertaking, together with the Total Deferred Sale Price Outstanding (or, where some but not all of the Trust Certificates then outstanding are being redeemed, the relevant portion thereof) payable to the Trustee under the Master Murabaha Agreement and the relevant Murabaha Transactions (if any), are

intended to fund the relevant Optional Dissolution Amount and all accrued but unpaid Periodic Distribution Amounts payable by the Trustee in respect of the relevant Trust Certificates.

10.4 Dissolution following a Total Loss Event

Upon the occurrence of a Total Loss Event the Trust Certificates may be redeemed and the Trust dissolved on the Total Loss Dissolution Date. The Trust Certificates will be redeemed using the proceeds of insurance payable in respect of the Total Loss Event which are required to be paid into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event, together with (where one or more Murabaha Transactions form part of the Asset Portfolio of such Series) the then Total Deferred Sale Price Outstanding of the Series. Upon such redemption, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

For the purposes of these Conditions:

“Total Loss Dissolution Date” means the date falling 31 days after the occurrence of a Total Loss Event or, if such day is not a Payment Business Day, on the immediately following Payment Business Day; and

a **“Total Loss Event”** is the total loss or destruction of, or damage to the whole of, the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

*Under the Servicing Agency Agreement, the Servicing Agent undertakes to be responsible for ensuring that the Lease Assets are properly insured (and to use reasonable endeavours to obtain such insurances on a takaful basis if available or available on commercially viable terms) against the occurrence of a Total Loss Event in an amount equal to its **“Full Reinstatement Value”** (such value being, in relation to each Series, the then aggregate face amount of the Trust Certificates plus: (i) an amount equal to the Periodic Distribution Amounts relating to such Trust Certificates, which accrue or would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurs and ending on but excluding the date on which the Trust Certificates are redeemed in full in accordance with Condition 10.4; and (ii) all other amounts then due and payable by the Issuer under the Trust Certificates, less, where one or more Murabaha Transactions form part of the Asset Portfolio of the relevant Series, the then Total Deferred Sale Price Outstanding of the Series). If the obligations of the Servicing Agent thereunder are not strictly complied with and as a result any insurance proceeds paid into the Transaction Account are less than the full reinstatement value of the Lease Assets (the difference between the insurance proceeds (if any) paid into the Transaction Account and such full reinstatement value being the **“Total Loss Shortfall Amount”**), the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Servicing Agency Agreement relating to insurance) irrevocably and unconditionally indemnifies the Trustee for the Total Loss Shortfall Amount plus all other amounts then due and payable under the Transaction Documents, which will be payable directly into the Transaction Account on the 31st day following the occurrence of the Total Loss Event or, if such day is not a Payment Business Day, on the immediately following Payment Business Day.*

Upon the occurrence of a Total Loss Event, all of the Rental that has accrued pursuant to the relevant Lease Agreement, together with (where one or more Murabaha Transactions form part of the Asset Portfolio of such Series) the then Total Deferred Sale Price Outstanding of the Series, shall be credited to the Transaction Account by the Lessee. The aggregate of such amounts and any insurance proceeds and/or Total Loss Shortfall Amount are intended to be equal to the aggregate face amount of the Trust Certificates together with all accrued and unpaid Periodic Distribution Amounts.

*Under the Servicing Agency Agreement, **“Total Deferred Sale Price Outstanding”** means, from time to time and at any time, in respect of a Series of Trust Certificates and the corresponding Murabaha*

Transactions (if any), the aggregate amount of the applicable Deferred Sale Price(s) under all Murabaha Transactions (if any) of such Series that has not yet been paid by ICD (as purchaser) to the Trustee (as seller) at the relevant time;

10.5 Redemption at the option of the Certificateholders

- (a) If Certificateholder Put Right is specified in the applicable Final Terms as being applicable, upon the holder of any Trust Certificate giving to the Issuer in accordance with Condition 16 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, or, at the Issuer's option, purchase (or procure the purchase of) such Trust Certificate on the Certificateholder Put Right Date and at the Optional Dissolution Amount specified in the applicable Final Terms together with all unpaid Periodic Distribution Amounts accrued to (but excluding) the relevant Certificateholder Put Right Date. Trust Certificates may be redeemed or, as the case may be, purchased under this Condition 10.5(a) in any multiple of their lowest Specified Denomination.
- (b) If Change of Control Put Right is specified in the applicable Final Terms as being applicable and if a Change of Control Event (as defined below) occurs, the Issuer will, upon the holder of any Trust Certificate giving notice within the Change of Control Put Period (as defined below) to the Issuer in accordance with Condition 16 (unless prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has given notice of redemption under Condition 10.2 or Condition 10.3), redeem or, at the Issuer's option purchase (or procure the purchase of) such Trust Certificate on the Change of Control Put Date at the Change of Control Dissolution Amount together with all unpaid Periodic Distribution Amounts accrued to (but excluding) the Change of Control Put Date.

Promptly upon the Issuer or ICD becoming aware that a Change of Control Event has occurred, the Issuer (failing which, ICD) shall promptly give notice (a "**Change of Control Notice**") to the Certificateholders in accordance with Condition 16 to that effect.

- (c) To exercise the right to require redemption of any Trust Certificate pursuant to this Condition 10.5 the holder thereof must, if the Trust Certificate is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of such Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 10.5 and the aggregate face amount thereof to be redeemed and, if less than the full aggregate face amount of the Trust Certificates so surrendered is to be redeemed, an address to which a new Trust Certificate in definitive form in respect of the balance of such Trust Certificates is to be sent subject to and in accordance with the provisions of Condition 2.2.

If the relevant Trust Certificate is represented by a Global Trust Certificate or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption thereof the holder of such Trust Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if the relevant Trust Certificate is represented by a Global Trust Certificate, at the same time present or procure the presentation of the relevant Global Trust Certificate to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Trust Certificate pursuant to this Condition 10.5 shall be irrevocable except where, prior to the due date of redemption, a

Dissolution Event has occurred and the Delegate has declared the Trust Certificates are to be redeemed pursuant to Condition 13, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 10.5.

(d) For the purpose of these Conditions:

“**Change of Control Dissolution Amount**” shall mean, in relation to each Trust Certificate to be redeemed or purchased pursuant to Condition 10.5(b), an amount equal to the aggregate face amount of such Trust Certificate or such other amount as may be specified in the applicable Final Terms;

a “**Change of Control Event**” shall occur each time the government of the Emirate of Dubai (the “**Government**”) or any other department, agency, authority or entity wholly-owned by the Government:

- (i) sells, transfers or otherwise disposes of any of its ownership interest in ICD, other than to an entity directly or indirectly wholly-owned by the Government; or
- (ii) otherwise ceases to own (directly or indirectly) the entire ownership interest in ICD;

“**Change of Control Put Date**” shall be the tenth day after the expiry of the Change of Control Put Period *provided that*, if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency, the Change of Control Put Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency; and

“**Change of Control Put Period**” shall be the period of 30 days commencing on the date that a Change of Control Notice is given.

In respect of any Series, the applicable exercise price payable by ICD under the Purchase Undertaking, together with the Total Deferred Sale Price Outstanding (or, where some but not all of the Trust Certificates then outstanding are being redeemed, the relevant portion thereof) payable to the Trustee under the Master Murabaha Agreement and the relevant Murabaha Transactions (if any), are intended to fund the relevant Optional Dissolution Amount and/or Change of Control Dissolution Amount (as applicable) and all accrued but unpaid Periodic Distribution Amounts payable by the Trustee in respect of the relevant Trust Certificates.

10.6 No other Dissolution

The Issuer shall not be entitled to redeem the Trust Certificates, and the Trustee shall not be entitled to dissolve the Trust, otherwise than as provided in this Condition and Condition 13.

10.7 Purchases

ICD or any of its Subsidiaries may at any time purchase Trust Certificates at any price in the open market or otherwise. Such Trust Certificates may be held, reissued, resold or, at the option of ICD, surrendered to the Registrar for cancellation. In the case of such cancellation, ICD shall deliver an Exercise Notice to the Trustee (in accordance with the terms of the Sale Undertaking) whereupon the Trustee shall, in accordance with the terms of the Sale Undertaking, be obliged to transfer all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Cancelled Lease Assets to ICD in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Assets will take effect by ICD and the Trustee entering into a sale agreement (in the form scheduled to the Sale Undertaking). Following the entry into such sale agreement, the Issuer shall surrender to the Registrar the relevant Trust Certificates identified for cancellation (the “**Cancelled Trust Certificates**”) in the Exercise Notice on the Cancellation Date.

For the purposes of these Conditions:

“**Cancellation Date**” means the date on which Trust Certificates are to be cancelled as specified in the Exercise Notice and which shall be a Periodic Distribution Date; and

“**Cancelled Lease Assets**” means the assets to be sold by the Trustee to ICD in accordance with the Sale Undertaking following the delivery of, and as specified in, the applicable Exercise Notice.

In respect of any Series, pursuant to the Master Murabaha Agreement, the parties thereto have acknowledged and agreed that where ICD or any of its Subsidiaries have purchased Trust Certificates and ICD wishes to cancel such Trust Certificates and issues an Exercise Notice to that effect pursuant to the Sale Undertaking and this Condition 10.7, the relevant pro rata portion of the Deferred Sale Price(s) corresponding to the Murabaha Transactions relating to such Cancelled Trust Certificates shall be cancelled and no Deferred Sale Price(s) shall be payable in respect of the Cancelled Trust Certificates.

10.8 Cancellations

All Trust Certificates which are redeemed will forthwith be cancelled. All Trust Certificates so cancelled and any Trust Certificates purchased and cancelled pursuant to Condition 10.7 above shall be forwarded to the Registrar and cannot be reissued or resold.

10.9 Dissolution Date

In these Conditions, the expression “**Dissolution Date**” means, as the case may be:

- (a) following the occurrence of a Dissolution Event (as defined in Condition 13), the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 13;
- (b) the Optional Dissolution Date;
- (c) the Tax Dissolution Date;
- (d) the Certificateholder Put Right Date;
- (e) the Change of Control Put Date;
- (f) the Total Loss Dissolution Date; or
- (g) such other date as is specified in the applicable Final Terms for the redemption of Trust Certificates and dissolution of the Trust in whole or in part prior to the Maturity Date.

11. TAXATION

All payments in respect of the Trust Certificates will be made free and clear of and without withholding or deduction for or on account of any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the amounts which would otherwise have been receivable in respect of the Trust Certificates in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Trust Certificate:

- (a) presented for payment (where presentation is required) by or on behalf of a holder who is liable for such Taxes in respect of such Trust Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Trust Certificate; or
- (b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day.

As used in these Conditions:

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received and notice to that effect has been given to Certificateholders in accordance with Condition 16;

“**Relevant Jurisdiction**” means the Cayman Islands or the UAE or any Emirate therein or, in either case, any political subdivision or authority thereof or therein having the power to tax; and

“**Taxes**” means any present or future taxes, levies, imposts, duties, fees, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction.

The Lease Agreement, the Servicing Agency Agreement, the Purchase Undertaking each provide that payments thereunder by the Lessee, the Servicing Agent and the Obligor, respectively, shall be made without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed, unless the withholding or deduction is required by law and, in such case, provide for the payment by the Lessee, the Servicing Agent and the Obligor, respectively, of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee. In addition, pursuant to the Purchase Undertaking ICD has irrevocably and unconditionally undertaken (irrespective of the payment of any fee), as a continuing obligation, that, if additional amounts are payable by the Issuer in respect of the Trust Certificates in accordance with Condition 11, it will pay to the Issuer (for the benefit of the Certificateholders) an amount equal to such additional amounts by payment to the Transaction Account in the Specified Currency by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Trust Certificates is received by the Issuer.

12. PRESCRIPTION

The right to receive distributions in respect of the Trust Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 8.

13. DISSOLUTION EVENTS

13.1 Dissolution Events

Upon the occurrence and continuation of any of the following events (“**Dissolution Events**”):

- (a) default is made in the payment of the Dissolution Amount or any Periodic Distribution Amount on the due date for payment thereof and such default continues for a period of 7 Business Days in the case of a Dissolution Amount, or 14 Business Days in the case of a Periodic Distribution Amount; or
- (b) the Issuer defaults in the performance or observance of or compliance with any of its other obligations or undertakings in the Trust Certificates or the Transaction Documents and such default is not capable of remedy or (if in the opinion of the Delegate capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Delegate; or
- (c) an ICD Event (as defined in Condition 13.2) occurs; or
- (d) distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days; or

- (e) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or
- (f) the Issuer is (or is or could be deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- (g) an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders; or
- (h) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Trust Certificates and the Transaction Documents to which it is party; (b) to ensure that those obligations are legally binding and enforceable; and (c) to make the Trust Certificates and the Transaction Documents to which it is party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done; or
- (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Trust Certificates or the Transaction Documents to which it is party; or
- (j) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraph (f) and (g) above,

the Delegate shall, promptly upon becoming aware thereof, give notice of the occurrence of such Dissolution Event to the holders of Trust Certificates in accordance with Condition 16 with a request to such holders to indicate if they wish the Trust Certificates to be redeemed and the Trust to be dissolved provided, however, in the case of a Dissolution Event comprising an event described in paragraph (b) above or an event described in paragraph (b) of the definition of ICD Event, such notice may only be given if the Delegate shall have certified in writing to the Issuer and ICD that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders. If so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Trust Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Trust Certificates, the Delegate shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) or, if the Delegate so decides in its discretion, the Delegate may give notice to the Issuer, ICD and all the holders of the Trust Certificates in accordance with Condition 16 that the Trust Certificates are to be redeemed at the Dissolution Amount on the date specified in such notice. Upon payment in full of such amounts, the Trust will be dissolved, the Trust Certificates shall cease to represent the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

For the purpose of (a) above, amounts shall be considered due in respect of the Trust Certificates (including any amounts calculated as being payable under Condition 6, Condition 7 and Condition 10) notwithstanding that the Issuer has, at the relevant time, insufficient funds to pay such amounts.

13.2 ICD Events

For the purposes of this Condition, an “**ICD Event**” means any of the following events:

- (a) ICD (acting in any capacity) fails to pay an amount in the nature of profit payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of 14 Business Days, or ICD (acting in any capacity) fails to pay an amount in the nature of principal payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of 7 Business Days; or
- (b) if ICD (acting in any capacity) fails to perform or observe any of its other obligations in the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Delegate or the Trustee on ICD of notice requiring the same to be remedied; or
- (c) if (i) any Financial Indebtedness of ICD is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Financial Indebtedness becomes due and repayable prior to its stated maturity by reason of default (however described), or (iii) any Security Interest given by ICD for any Financial Indebtedness becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to ICD that such Security Interest has become enforceable) unless the full amount of the Financial Indebtedness which is secured by the relevant Security Interest is discharged within 60 days of the later of the first date on which: (a) a step is taken to enforce the relevant Security Interest; and (b) ICD is notified that a step has been taken to enforce the relevant Security Interest, *provided that* no event described in this sub-paragraph (c) shall constitute a Dissolution Event unless the amount of all the relevant Financial Indebtedness described in (i), (ii) and/or (iii) of this paragraph (c), either alone or when aggregated with all other relevant Financial Indebtedness in respect of which one or more of the events described in (i), (ii) and/or (iii) of this paragraph (c) shall have occurred and is continuing, shall be more than U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or
- (d) if one or more judgments or orders for the payment of any sum in excess of U.S.\$50,000,000 (whether individually or in aggregate) is rendered against ICD and continues unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 45 days after the date thereof; or
- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of ICD, save for the purposes of any intra-Group reorganisation on a solvent basis; or
- (f) if ICD ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganisation on terms approved in writing by the Delegate or by an Extraordinary Resolution of the Certificateholders, or ICD stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) if (i) court or other formal proceedings are initiated against ICD under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by ICD), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to ICD or, as the case may be, in relation to the whole or substantially all of its undertaking, assets or revenues or an encumbrancer takes possession of the whole or substantially all of its undertaking, assets or

revenues, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially all of its undertaking, assets or revenues and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or

- (h) if ICD initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save for the purposes of any intra-Group reorganisation on a solvent basis; or
- (i) if any event occurs which under the laws of the United Arab Emirates or any Emirate therein has an analogous effect to any of the events referred to in paragraphs (e) to (h) (inclusive) above; or
- (j) if at any time (x) any regulation, decree, consent, approval, licence or other authority necessary to enable ICD to perform its obligations under or in respect of the Trust Certificates and/or the Transaction Documents to which it is a party or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which adversely affects any rights or claims of any of the Certificateholders or (y) it is or becomes unlawful for ICD to perform or comply with any or all of its obligations under or in respect of the Trust Certificates and/or the Transaction Documents to which it is a party or any of the obligations of ICD thereunder are not or cease to be legal, valid, binding or enforceable for reasons other than set out in paragraph (x).

For the purposes of this Condition “**Financial Indebtedness**” means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes, *sukuk*, certificates or other similar instruments).

14. ENFORCEMENT AND EXERCISE OF RIGHTS

14.1 Enforcement

Upon the occurrence of a Dissolution Event and the giving of notice to the Issuer by the Delegate, to the extent that the amounts payable in respect of the Trust Certificates have not been paid in full pursuant to Condition 13, the Delegate shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

- (a) enforce the provisions of the Transaction Documents against ICD (in whichever capacity it is acting thereunder); and/or
- (b) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing but subject to Condition 14.2, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Issuer, the Trustee and/or ICD to enforce their respective obligations under the Transaction Documents, these Conditions and the Trust Certificates.

14.2 Delegate not obliged to take Action

Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the Issuer and/or ICD under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Trust Certificates outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

14.3 Direct Enforcement by Certificateholder

No Certificateholder shall be entitled to proceed directly against the Issuer or ICD under any Transaction Document unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing.

14.4 Limited Recourse

The foregoing paragraphs in this Condition are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 4.2 and the Trust Deed, the obligations of the Issuer and the Trustee in respect of the Trust Certificates shall be satisfied and no holder of the Trust Certificates may take any further steps against the Issuer, the Trustee (to the extent that the Trust Assets have been exhausted), ICD (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates to recover any further sums in respect of the Trust Certificates and the right to receive any sums unpaid shall be extinguished. In particular, neither the Delegate nor any Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer or the Trustee nor under any circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole rights of the Trustee, the Delegate (acting on behalf of the Certificateholders) and the Certificateholders against ICD shall be to enforce its obligations under the Transaction Documents.

15. REPLACEMENT OF DEFINITIVE TRUST CERTIFICATES

Should any definitive Trust Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer or ICD may reasonably require. Mutilated or defaced Trust Certificates must be surrendered before replacements will be issued.

16. NOTICES

Notices to Certificateholders shall be deemed to be validly given if mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses recorded in the Register.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Trust Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Trust Certificates are issued, there may, so long as any Global Trust Certificate representing the Trust Certificates is held on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication or mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Certificateholders and, in addition, for so long as any Trust Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Trust Certificates are represented by a Global Trust Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, such notice may be given by any holder of a Trust Certificate to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

- 17. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**
- 17.1 The Master Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions, the provisions of the Trust Deed or any other Transaction Document. Such a meeting may be convened by the Issuer, the Trustee, ICD and/or the Delegate and shall be convened by the Issuer if required in writing by Certificateholders holding not less than one-twentieth in aggregate face amount of the Trust Certificates of any Series for the time being outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding, or at any adjourned such meeting one or more persons present or representing Certificateholders whatever the outstanding aggregate face amount of the Trust Certificates so held or represented, except that any meeting the business of which includes the modification of certain provisions of the Trust Certificates (defined in the Master Trust Deed as a Reserved Matter, and which includes changing any date fixed for payment of a Periodic Distribution Amount or Dissolution Amount in respect of the Trust Certificates, reducing or cancelling the Periodic Distribution Amount or Dissolution Amount payable on any date in respect of the Trust Certificates, except where such alteration is in the opinion of the Delegate bound to result in an increase in the amount of such payment, altering the method of calculating the amount of any payment in respect of the Trust Certificates on redemption or maturity, altering the currency of payment of the Trust Certificates, amending Condition 5, any of the Trustee's covenants in the Master Trust Deed or ICD's obligations to make a payment under any Transaction Document to which it is a party), the quorum shall be one or more persons present holding or representing not less than two-thirds in aggregate face amount of the Trust Certificates for the time being outstanding, or at any adjourned such meeting one or more persons present holding or representing not less than one-third in aggregate face amount of the Trust Certificates for the time being outstanding. An Extraordinary Resolution duly passed as described above will be binding on all holders of the Trust Certificates, irrespective of if, or how, they voted on such Extraordinary Resolution and whether (if applicable) they attended the meeting.
- 17.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or any other Transaction Document by the Trustee or ICD, or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or Potential Dissolution Event (as defined in the Master Trust Deed) shall not be treated as such if, in the opinion of the Delegate, (a) such modification is of a formal, minor or technical nature, (b) such modification is made to correct a manifest error or (c) such modification (other than where it is in respect of a Reserved Matter), waiver, authorisation or determination is not materially prejudicial to the interests of Certificateholders.
- 17.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate, the Issuer, the Trustee, ICD or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except to the extent already provided for in Condition 11.
- 17.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall, unless the Delegate agrees otherwise, be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 16 *provided that* failure to give such notification shall not invalidate such modification, abrogation, waiver, authorisation or determination.

18. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE

- 18.1 The Trust Deed contains provisions (i) for the indemnification of each of the Delegate and the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) pursuant to which the Delegate is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, ICD and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer, the Trustee, ICD or any person or body corporate associated with the Issuer, the Trustee or ICD, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.
- 18.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of ICD under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by ICD but are not so made and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.
- 18.3 Each of the Trustee and the Delegate is exempted from (i) any liability in respect of any loss or theft of the Trust Assets or any cash, (ii) any obligation to insure the Trust Assets or any cash and (iii) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default or fraud by the Trustee or the Delegate, as the case may be.

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional trust certificates having terms and conditions the same as the Trust Certificates or the same in all respects (or in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue) and so that the same shall be consolidated and form a single Series with the outstanding Trust Certificates. Any additional trust certificates which are to form a single Series with the outstanding Trust Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed.

20. CURRENCY INDEMNITY

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Trust Certificates, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Certificateholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of Specified Currency is less than the amount of Specified Currency expressed to be due to the recipient under any Trust Certificate, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Certificateholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Certificateholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Trust Certificates or any other judgment or order.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. GOVERNING LAW AND DISPUTE RESOLUTION

22.1 The Trust Deed and the Trust Certificates (including the remaining provisions of this Condition) and any non-contractual obligations arising out of or in connection with the Trust Deed and the Trust Certificates are governed by, and shall be construed in accordance with, English law.

22.2 Subject to Condition 22.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed and/or the Trust Certificates (including a dispute regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a Dispute) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the Rules), which Rules (as amended from time to time) are incorporated by reference into this Condition 22.2. For these purposes:

- (a) the seat of arbitration shall be the Dubai International Financial Centre (the “**DIFC**”);
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

22.3 Notwithstanding Condition 22.2 above, the Delegate or any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 22.4 and, subject as provided below, any arbitration commenced under Condition 22.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by ICD), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate or the relevant Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed), as the case may be, must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (b) such arbitrator’s entitlement to be paid his proper fees and disbursements; and
- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

- 22.4 In the event that a notice pursuant to Condition 22.3 is issued, the following provisions shall apply:
- (a) subject to paragraph (c) below, the courts of England or the courts of the DIFC shall have, at the option of the Delegate or any Certificateholder (only where permitted to take such action in accordance with the terms of the Master Trust Deed) exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
 - (b) the Issuer agrees that the courts of England or the courts of the DIFC, as applicable, are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
 - (c) this Condition 22.4 is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Delegate and any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may take proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, the Delegate and the Certificateholders may take concurrent Proceedings in any number of jurisdictions.
- 22.5 The Issuer appoints (and ICD has appointed in the Transaction Documents which are governed by English law and to which it is a party) TMF Corporate Services Limited at its registered office at Pellipar House, 1st Floor, 9 Cloak Lane, London EC4R 2RU as its agent for service of process in England and undertakes (and ICD has undertaken in such Transaction Documents as aforesaid) that, in the event of TMF Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. The Issuer agrees (and ICD has agreed in such Transaction Documents as aforesaid) that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 22.6 ICD has in the Transaction Documents to which it is a party irrevocably and unconditionally with respect to any dispute or proceedings (i) waived any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submitted to the jurisdiction of the Dubai courts (in the case of those Transaction Documents which are governed by the laws of Dubai) or of the English courts and the courts of the DIFC (in the case of those Transaction Documents which are governed by English law) and the courts of any other jurisdiction (in the case of all Transaction Documents to which it is a party) in relation to the recognition of any judgment or order of the English courts, the courts of the DIFC, the Dubai courts or the courts of any competent jurisdiction in relation to any dispute or proceedings and (iii) consented to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any proceedings or disputes. Notwithstanding the foregoing, ICD has not in the Transaction Documents to which it is a party made any representation as to whether Article 247 of UAE Federal Law No. 11 of 1992 regarding the Law of Civil Procedure will apply to its assets, revenues or property.
- 22.7 Each of the Issuer, the Trustee, ICD and the Delegate has agreed in the Master Trust Deed that if any arbitration or court proceedings are brought by or on behalf of a party under the Master Trust Deed and these Conditions, each party agrees that it will:
- (a) not claim any interest under, or in connection with, such proceedings; and
 - (b) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by any court as a result of such proceedings.

For the avoidance of doubt, nothing in this Condition 22.7 shall be construed as a waiver of rights in respect of Rental payable under the relevant Lease Agreement, Murabaha Profits or Deferred Sale Prices payable under the Master Murabaha Agreement, Periodic Distribution Amounts payable under the Trust Certificates or profit or principal of any kind howsoever described payable by Investment

Corporation of Dubai (in any capacity) or ICD Sukuk Company Limited (in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

USE OF PROCEEDS

The net proceeds of each Series issued will be: (a) paid by the Trustee (as Purchaser under the Master Purchase Agreement) to ICD in consideration for the purchase from ICD or (as applicable) the relevant seller entity specified in the relevant Supplemental Purchase Agreement of all of its rights, title, interests, benefits and entitlements in, to and under the assets described in such Supplemental Purchase Agreement; and (b) applied by the Trustee towards investments in Murabaha Transactions, each as further described in “*Structure Diagram and Cash Flows*”.

DESCRIPTION OF THE ISSUER

General

ICD Sukuk Company Limited, a Cayman Islands exempted company with limited liability, was incorporated on 15 January 2014 under the Companies Law (2013 Revision) of the Cayman Islands with company registration number MC-284409. The Issuer has been established as a special purpose vehicle for the sole purpose of issuing Trust Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Issuer is at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Issuer is U.S.\$50,000 divided into ordinary shares of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the “Shares”) are fully-paid and are held by MaplesFS Limited as share trustee (the “Share Trustee”) under the terms of a declaration of trust (the “Share Declaration of Trust”) dated 27 March 2014 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose of or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Trust Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Issuer

The Issuer has limited prior operating history and limited prior business, which relates to the issuance of U.S.\$700,000,000 of Trust Certificates on 21 May 2014, and will not have any substantial liabilities other than in connection with the Trust Certificates issued and to be issued under the Programme. The Trust Certificates are the obligations of the Issuer alone and not the Share Trustee.

The objects for which the Issuer is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 15 January 2014.

Financial Statements

Since the date of its incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Issuer

The Directors of the Issuer are as follows:

<u>Name:</u>	<u>Principal Occupation:</u>
Andrew Millar	Regional Head of Fiduciary, Middle East of Maples Fund Services (Middle East) Limited
Cleveland Stewart	Senior Vice President of MaplesFS Limited

The business address of Andrew Millar is c/o Maples Fund Services (Middle East) Limited, Office 616, 6th Floor, Liberty House, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Cleveland Stewart is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Issuer.

The Administrator

MaplesFS Limited also acts as the administrator of the Issuer (the “**Issuer Administrator**”). The office of the Issuer Administrator serves as the general business office of the Issuer. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Issuer Administrator has agreed to perform in the Cayman Islands, the UAE or such other jurisdiction as may be agreed by the parties from time to time, various management functions on behalf of the Issuer and the provision of certain clerical, administrative and other services, including communications with shareholders and the general public, until termination of the Corporate Services Agreement. The Issuer and the Issuer Administrator have also entered into a registered office agreement (the “**Registered Office Agreement**”) for the provision of registered office facilities to the Issuer. In consideration of the foregoing, the Issuer Administrator will receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Issuer or the Issuer Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months’ notice in writing to the other party, and the Corporate Services Agreement further provides that the Issuer Administrator may terminate such agreement following the occurrence of a Dissolution Event.

The Issuer Administrator will be subject to the overview of the Issuer’s Board of Directors.

The Issuer Administrator’s principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

The Directors of the Issuer are all employees or officers of the Issuer Administrator (or an affiliate thereof). The Issuer has no employees and is not expected to have any employees in the future.

CAPITALISATION

The following table sets forth the Group's capitalisation as at 30 June 2016.

This table should be read together with “*Presentation of Financial and Other Information*”, “*Selected Historical Financial Data*”, “*Operating and Financial Review*” and the Financial Statements, appearing elsewhere in this Base Prospectus.

	As at 30 June 2016 <i>(AED'000)</i> <i>(unaudited)</i>
Cash and deposits with banks⁽¹⁾	130,189,300
Debt	
Short-term debt ⁽²⁾	59,603,736
Long-term debt ⁽³⁾	118,245,662
Total debt	177,849,398
Equity	
Capital	65,105,154
Retained earnings	85,972,905
Other reserves ⁽⁴⁾	13,041,414
Non-controlling interests	34,667,248
Total equity	198,786,721
Total capitalisation⁽⁵⁾	376,636,119

- (1) Comprises the current assets portion and non-current assets portion of cash and deposits with banks. Cash and deposits with banks includes reserve requirements kept with the UAE Central Bank and the various other central banks of the countries in which the Group's banking subsidiaries operate (collectively, the “**Central Banks**”) which are not available for day-to-day operations of the Group and cannot be withdrawn without approval from the Central Banks.
- (2) Comprises short-term borrowing and lease liabilities.
- (3) Comprises long-term borrowing and lease liabilities and repurchase agreements with banks.
- (4) Other reserves comprise legal and statutory reserve, capital reserve, merger reserve, cost of shares based payments, cumulative changes in fair value, general reserve, asset replacement reserve, translation reserve and other reserves.
- (5) Total equity plus total debt.

SELECTED HISTORICAL FINANCIAL DATA

The tables below set forth selected historical consolidated financial information for the Group as at 30 June 2016, 31 December 2015, 2014 and 2013 and for the six month periods ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013.

The selected financial information set forth below should be read in conjunction with, and is qualified by reference to “*Presentation of Financial and Other Information*”, “*Operating and Financial Review*” and the Financial Statements, appearing elsewhere in this Base Prospectus. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

Consolidated Statement of Financial Position Data

The table below shows the Group’s consolidated statement of financial position as at 30 June 2016 and as at 31 December in each of 2015, 2014 and 2013.

	As at 30 June	As at 31 December		
	2016	2015	2014	2013
	<i>(unaudited)</i>	<i>(AED '000)</i>		
Total non-current assets	379,974,777	367,133,646	367,706,841	303,662,182
Property, plant and equipment.....	132,619,953	134,112,103	125,266,550	101,597,567
Intangible assets.....	25,728,020	25,122,198	27,358,858	27,512,290
Investment properties.....	15,291,774	8,590,214	8,001,250	7,398,980
Development properties.....	483,401	326,194	491,864	476,014
Investments in associates and joint ventures.....	41,355,425	39,567,547	38,022,686	31,333,268
Investments in marketable securities	21,496,200	20,652,573	29,125,832	21,255,750
Other non-current assets	21,505,369	23,203,530	21,881,541	14,937,763
Islamic financing and investment products.....	32,891,903	31,531,485	26,715,715	22,793,942
Loans and receivables.....	83,450,621	78,315,082	87,123,209	71,590,011
Cash and deposits with banks	2,671,967	3,176,279	2,615,477	3,563,511
Positive fair value of derivatives.....	2,319,250	2,410,954	914,802	1,072,383
Deferred tax asset	160,894	125,487	189,057	130,703
Total current assets	356,786,698	352,955,237	304,571,823	304,660,866
Investments in marketable securities	6,192,416	6,196,263	3,522,022	4,353,870
Inventories	8,849,111	8,368,332	9,676,657	10,598,510
Trade and other receivables	29,142,328	29,039,325	32,004,877	30,661,265
Islamic financing and investment products.....	28,272,771	26,990,973	15,233,070	13,620,933
Loans and receivables.....	149,206,028	144,597,951	120,768,702	127,935,571
Cash and deposits with banks	127,517,333	131,970,401	118,358,116	90,000,638
Positive fair value of derivatives.....	1,551,391	1,123,452	1,148,515	878,237
Customer acceptances.....	6,055,320	3,712,749	3,859,864	4,986,419
Assets of disposal group classified as held for sale	-	955,791	-	21,625,423
Total assets	736,761,475	720,088,883	672,278,664	608,323,048
Total equity	198,786,721	196,270,155	190,026,047	162,023,463
Total non-current liabilities	161,346,359	146,377,188	143,960,873	125,652,843
Employees' end of service benefits	3,456,026	3,227,677	2,693,687	1,857,079
Borrowings and lease liabilities	118,141,713	111,444,697	112,960,386	98,245,608
Negative fair value of derivatives	2,721,614	2,570,526	1,563,794	1,612,445
Other non-current payables.....	9,341,578	8,323,213	5,668,334	4,979,738
Customer deposits.....	8,873,218	3,563,547	6,671,593	6,648,250
Islamic customer deposits.....	17,979,545	16,323,653	13,335,455	11,209,566
Deferred tax liabilities	728,716	675,541	1,067,624	1,100,157
Repurchase agreements with banks	103,949	248,334	-	-
Total current liabilities	376,628,395	377,441,540	338,291,774	320,646,742
Employees' end of service benefits	3,059	5,117	4,146	1,223
Borrowings and lease liabilities	59,603,736	63,359,174	50,507,803	49,718,323
Negative fair value of derivatives	1,594,466	1,452,018	757,308	670,208
Trade and other payables	59,266,381	70,424,782	70,492,339	65,609,798
Customer deposits.....	211,690,532	197,854,103	179,038,091	167,382,683
Islamic customer deposits.....	38,091,509	39,955,798	32,969,514	27,283,768
Repurchase agreement with banks.....	-	-	35,369	67,129
Current income tax liabilities.....	323,392	356,047	627,310	1,098,616
Customer acceptances.....	6,055,320	3,712,749	3,859,864	4,986,419
Liabilities of disposal group classified as held for sale	-	321,752	-	3,828,575
Total equity and liabilities	736,761,475	720,088,883	672,278,664	608,323,048

Consolidated Statement of Comprehensive Income Data

The table below shows the Group's consolidated statement of comprehensive income for the six month periods ended 30 June 2016 and 2015 and for the years ended 31 December 2015, 2014 and 2013.

	Six-month period ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>		<i>(AED '000)</i>		
Profit for the period/year	10,324,391	12,809,913	27,451,798	28,466,844	17,592,471
Other comprehensive income for the period/year ⁽¹⁾	(247,492)	(535,066)	(2,811,486)	(2,742,696)	2,606,274
Total comprehensive income for the period/year	10,076,899	12,274,847	24,640,312	25,724,148	20,198,745

(1) Comprising, among other things, net movement in fair value of available-for-sale investments and cash flow hedges, actuarial loss on defined benefit plan, foreign currency translation differences and Group's share in other comprehensive income / (loss) of equity accounted investees.

Consolidated Cash Flow Statement Data

The table below shows the Group's consolidated cash flow statement for the six month periods ended 30 June 2016 and 2015 and for the years ended 31 December 2015, 2014 and 2013.

	Six month period ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>		<i>(AED '000)</i>		
Net cash generated from operating activities	14,194,857	11,362,729	19,968,119	34,771,991	21,862,203
Net cash generated from/(used in) investing activities	6,443,042	19,537,801	(1,856,566)	(30,648,989)	(29,387,043)
Net cash (used in)/generated from financing activities	(4,630,156)	(2,419,040)	(9,988,586)	6,444,080	6,777,719
Net increase/(decrease) in cash and cash equivalents	16,007,743	28,481,490	8,122,967	10,567,082	(747,121)
Cash and cash equivalents acquired on business combinations	-	-	-	-	3,638,980
Cash and cash equivalents relating to disposal group classified as held for sale	-	(274,886)	-	-	(325,288)
Cash and cash equivalents at the beginning of the period/year	33,868,945	25,745,978	25,745,978	15,178,896	12,612,325
Cash and cash equivalents at the end of the period/year	49,876,688	53,952,582	33,868,945	25,745,978	15,178,896

OPERATING AND FINANCIAL REVIEW

The following discussion should be read in conjunction with the information included in “*Presentation of Financial and Other Information*”, “*Selected Historical Financial Data*” and the Financial Statements, appearing elsewhere in this Base Prospectus.

The following discussion contains forward looking statements that involve risks and uncertainties. The Group’s actual results could differ materially from those anticipated in these forward looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings “*Presentation of Financial and Other Information – Cautionary Statement Regarding Forward Looking Statements*” and “*Risk Factors*”.

Overview

ICD was incorporated on 3 May 2006 pursuant to *Law No. 11 of 2006 Establishing the Investment Corporation of Dubai*. ICD’s mandate is to consolidate and manage the existing portfolio of companies and investments of the Government and to provide strategic oversight to the portfolio by developing and implementing an investment strategy and corporate governance policies for the long-term benefit of Dubai (see “*Description of ICD and the Group – Introduction*” for further detail). ICD is directly and wholly-owned by, and is the principal investment arm of, the Government. ICD’s investment portfolio represents a cross-section of Dubai’s most recognised and significant companies in sectors which the Government has deemed to be strategic for the continued development and growth of Dubai and the UAE.

For the six month period ended 30 June 2016, the Group had revenues of AED 82.5 billion, net profit of AED 10.3 billion and total comprehensive income of AED 10.1 billion. For the six month period ended 30 June 2015, the Group had revenues of AED 89.5 billion, net profit of AED 12.8 billion and total comprehensive income of AED 12.3 billion.

For the year ended 31 December 2015, the Group had revenues of AED 177.4 billion, net profit of AED 27.5 billion and total comprehensive income of AED 24.6 billion. For the year ended 31 December 2014, the Group had revenues of AED 192.1 billion, net profit of AED 28.5 billion and total comprehensive income of AED 25.7 billion. For the year ended 31 December 2013, the Group had revenues of AED 178.3 billion, net profit of AED 17.6 billion and total comprehensive income of AED 20.2 billion.

Factors Affecting Results of Continuing Operations

Acquisitions and Disposals

ICD has recently engaged in a number of new investment activities. As a result, year-on-year comparisons of the Group’s financial statements may not be representative of the Group’s underlying financial performance. Key acquisitions and disposals made by ICD since 1 January 2013 are described below.

Each of these investments, acquisitions and disposals has been reflected in the Financial Statements from its date of completion. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control of the relevant company and continue to be consolidated until the date when such control of the relevant company ceases. The financial statements of the acquired subsidiaries are prepared for the same reporting period as ICD, which are then consolidated using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. For discontinued operations, comparative information on the consolidated statement of income is reclassified for the immediately preceding period.

Six month period ended 30 June 2016

- the Group acquired 100 per cent. of shares in Adriatic Marinas d.o.o. for a consideration of AED 871.5 million;
- one of the subsidiaries of the Group obtained 100 per cent. control of Transecure LLC by acquiring the remaining 50.0 per cent. economic interest in the indirect joint venture for a consideration of AED 55.0 million;

- one of the subsidiaries of the Group acquired 30.0 per cent. of the shares in Airport Handling SpA and also entered into a call and put options arrangement to acquire an additional 40.0 per cent. interest at a fixed price or to sell its current 30.0 per cent. interest at fair value for an aggregate consideration of AED 30.1 million;
- one of the subsidiaries of the Group acquired 100 per cent. ownership of Ground Services International, Inc. and Metro Air Service, Inc. for a consideration of AED 514.2 million (including contingent consideration of AED 18.4 million); and
- the Group disposed of its 100 per cent. stake in Al Salwa Investment LLC to a joint venture, ICD Brookfield Place Dubai Limited, in which the Group owns 50.0 per cent.; and
- the Group entered into an agreement for the sale of its 80.0 per cent. stake in North Sathorn Hotel Company Limited (“**North Sathorn**”) to a joint venture, Asian Capital Co. Ltd, in which the Group owns 50.0 per cent.

For further information, see notes 4 and 13 to the 2016 Interim Financial Statements.

Year ended 31 December 2015

- the ownership of flydubai was transferred to the Group as per decree of H.H. The Ruler of Dubai (*Law No. 24 of 2015 Transferring the Ownership of the Dubai Aviation Corporation to the Investment Corporation of Dubai*). The transfer value of the investment amounted to AED 522.2 million based on the net asset value of the investee company at the date of transfer. This was accounted for as a capital contribution from the Government in line with the directives received by ICD;
- the Group acquired an additional stake in KIHG increasing the Group’s ownership from 45.1 per cent. to 69.5 per cent. for a consideration of AED 558.5 million;
- the Group acquired the business of Imdaad LLC (“**Imdaad**”) for a consideration of AED 375.3 million;
- the Group established control of Ssangyong Engineering & Construction Co., Ltd. (“**Ssangyong**”) for a consideration of AED 574.3 million;
- the Group acquired the Hotel Washington Corporation (Cayman) for a consideration of U.S.\$1;
- the Group acquired the Columbus Centre Corporation (Cayman) for a consideration of AED 439.0 million;
- the Group acquired an additional stake in DAE, increasing the Group’s ownership from 68.4 per cent. to 80.5 per cent. for a consideration of AED 91.9 million;
- the Group acquired Canal Point FZE for a consideration of AED 294.0 million;
- one of the subsidiaries of the Group obtained control of an existing indirect joint venture of the Group, Toll Dnata Airport Services Pty Ltd by acquiring the remaining 50.0 per cent. for a consideration (excluding the fair value of the previously held interest) of AED 21.9 million;
- one of the subsidiaries of the Group acquired the cargo handling operations of Aviapartner for a consideration of AED 105.8 million;
- one of the subsidiaries of the Group obtained 100 per cent. control of a joint venture, Plafond Fit Out LLC, by acquiring the remaining 50.0 per cent. of shares for a consideration (excluding the fair value of the previously held interest) of AED 22.0 million;
- one of the subsidiaries of the Group acquired 99.0 per cent. ownership of Nigma Lifts Installations & Maintenance Co. LLC for a consideration of AED 11.0 million;
- DAE, one of the subsidiaries of the Group, sold its stake in Standard Aero Inc. to an affiliate of Veritas Capital for a consideration of AED 5,008 million; and

- the Group acquired an 80.0 per cent. stake in North Sathorn which owns the W Bangkok hotel (“**WBK**”) for a consideration of U.S.\$1 million, with a view to divest a stake in the company to its joint venture partner within a year.

For further information, see notes 9, 10 and 23 to the 2015 Financial Statements.

Year ended 31 December 2014

- the Group acquired the business of Atlantis The Palm Holding Company Limited (“**Atlantis**”) for a consideration of AED 2,742.3 million;
- the Group acquired the business of AMSA Holdings FZE for a consideration of AED 595.2 million;
- one of the subsidiaries of the Group:
 - (i) acquired the business of Gold Medal International plc for a consideration of AED 230.7 million; and
 - (ii) acquired the business of Stella Travel Group for a consideration of AED 55.4 million; and
- In June 2013, Dubal Holding LLC (“**Dubal Holding**”), a wholly owned subsidiary of the Group, and MDC Industry Holding Company LLC (“**MDC Holding**”), a subsidiary of Mubadala Development Company PJSC (“**Mubadala**”) entered into a combination agreement pursuant to which Dubal Holding and MDC Holding agreed to create EGA, a jointly-held, equal ownership company to integrate the business of Dubai Aluminium (“**DUBAL**”), a then wholly owned subsidiary of the Group, and Emirates Aluminium Company Limited PJSC (“**EMAL**”). During 2014, the transaction was completed and DUBAL was transferred to EGA. The Group transferred its interest for a consideration of AED 16,139 million partly in cash and partly in the form of the Group’s 50.0 per cent. stake in EGA.

For further information, see notes 10 and 23 to the 2014 Financial Statements.

Year ended 31 December 2013

- a subsidiary of the Group acquired the business of BNP Paribas Egypt S.A.E. for a consideration of AED 1,837.7 million; and
- one of the subsidiaries of the Group:
 - (i) acquired the business of Broadlex Air Services for a consideration of AED 58.5 million; and
 - (ii) obtained control of an existing joint venture, Servair Air Chef srl by acquiring the remaining 50.0 per cent. of its shares for a consideration of AED 251.0 million.

For further information, see note 10 to the 2013 Financial Statements.

Principal Portfolio Companies

ICD’s results and operations are primarily dependent on the results and contributions of its principal portfolio companies, which comprise ICD’s subsidiaries and its investments in associates and joint ventures. For summary information regarding ICD’s principal portfolio companies, see “*Description of ICD and the Group – Subsidiaries, Associates and Joint Ventures*”.

The Group has the following four reporting segments:

- *Transportation and related services.* This segment is comprised primarily of the operations of dnata (which provides aircraft handling and engineering services and other travel related services), DAE (which provides aircraft leasing services), Emirates (which provides commercial air transportation services) and flydubai (which provides commercial air transportation services);

- *Oil and gas products/services.* This segment is comprised of the operations of ENOC (whose principal activities include upstream oil and gas production and downstream marketing and retailing of oil and gas);
- *Banking and other financial services.* This segment is comprised of subsidiaries and associates with banking operations (primarily Commercial Bank of Dubai PSC (“**CBD**”), DIB, ENBD and Noor Investment Group LLC (“**NIG**”), non-bank financial institutions (primarily HSBC Middle East Finance Company Limited (“**MEFCO**”), investment operations (National Bonds Corporation PJSC (“**National Bonds**”) and Borse Dubai Limited (“**Borse Dubai**”) (which holds and administers interests in the financial exchange sector, specifically, the DFM and Nasdaq Dubai Limited);

Others. This segment is comprised of operations in industrial manufacturing and construction, retail trade, real estate and hospitality and other sectors.

The industrial manufacturing and construction sector is comprised primarily of the operations of Cleveland Bridge & Engineering Middle East (Private) Limited (which designs, manufactures and installs structural steelwork), Dubai Investments PJSC (“**DIC**”), EGA (which owns the aluminium smelter companies, DUBAL and EMAL), DUCAB (which manufactures and sells cables) and Ssangyong (which engages in engineering and construction).

The retail trade sector is comprised primarily of the operations of Aswaaq LLC (which owns and operates supermarkets and provides retail services), Dubai Duty Free Corporation (“**DDF**”) (which provides duty free retail services at Dubai’s airports) and Galadari Brothers Company (LLC) (“**Galadari Bros.**”) (which engages in trading of goods and services across various sectors such as land development, distribution of automobiles, travel agency and trading of industrial machinery).

The real estate and hospitality sector is primarily comprised of the operations of DWTC (which owns and operates the Dubai World Trade Centre) excluding the hotel operations, Emaar, and ICD H&L, Ithra and KIHL. The other sector is primarily comprised of the operations of Dubai Airport Freezone Authority (“**DAFZA**”) (which is a freezone authority primarily relating to the aviation industry), Dubai Silicon Oasis Authority (“**DSO**”) (which is a freezone authority primarily relating to the technology services sector), D-Clear Europe Ltd (“**D-Clear**”) (which provides transaction lifecycle software and data management services), emaratech (emarat technology solutions) FZ-LLC (“**Emaratech**”) (which provides information technology service) and Imdaad (which provides integrated facilities and waste management solutions).

Capital

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government less repayments made by ICD in cash or in kind. The following table sets forth movements in the capital of ICD for the reporting periods indicated:

	Six month period ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>		<i>(AED '000)</i>		
Balance at the beginning of the year/period.....	65,105,154	64,582,949	64,582,949	64,534,449	64,534,449
Increase in capital during the year/period.....	—	—	522,205	48,500	—
	65,105,154	64,582,949	65,105,154	64,582,949	64,534,449

The increase in capital of AED 522.2 million in 2015 was a result of the transfer of ownership of flydubai to the Group as per the decree of H.H. The Rule of Dubai (*Law No. 24 of 2015 Transferring the Ownership of the Dubai Aviation Corporation to the Investment Corporation of Dubai*). The transfer value of the investment was based on the net asset value of the investee company at the date of the transfer.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the Group receives non-monetary grants, the asset and the grant are recorded at nominal amounts. See also “*Relationship with the Government – Funding, Support and Oversight from the Government*”.

Foreign Currency Translation

The Financial Statements are presented in dirhams, which is ICD’s functional and presentation currency. Each Group entity determines its own functional currency and items included in the financial statements of each such entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange prevailing at the reporting date. All differences are recognised in the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is also recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where the functional currency of a Group entity is other than dirhams, the assets and liabilities of such entity are translated into the presentation currency of the Group at the rate of exchange prevailing as at the reporting date and such entity’s income statements are translated at the weighted average exchange rates for the period. The exchange rate differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign entity is recognised in the consolidated income statement.

Historical Results of Operations

The following table sets forth the Group's consolidated income statement for the reporting periods indicated:

	Six month period ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
Continuing operations					
Revenues	82,478,905	89,474,801	177,383,371	192,058,903	178,262,800
Cost of revenues	(62,745,674)	(68,897,309)	(135,133,533)	(156,796,552)	(145,651,253)
	<u>19,733,231</u>	<u>20,577,492</u>	<u>42,249,838</u>	<u>35,262,351</u>	<u>32,611,547</u>
Other income	3,242,642	3,239,151	5,863,355	9,434,891	5,169,751
Net (loss)/gain from derivative instruments	(522,716)	(132,705)	509,497	544,913	48,345
General, administrative and other expenses.....	(10,832,772)	(9,925,795)	(20,572,276)	(18,660,117)	(15,889,389)
Net impairment losses on financial assets and equity accounted investees.	(1,888,022)	(1,962,234)	(3,858,175)	(6,204,900)	(4,984,691)
Other finance income.....	660,429	507,485	1,038,495	820,925	764,400
Other finance costs	(1,759,342)	(1,781,617)	(3,603,169)	(3,470,628)	(3,520,715)
Share of results of associates and joint ventures.....	1,864,892	2,399,654	4,004,926	4,656,750	2,497,841
Profit for the period/year before income tax from continuing operations	10,498,342	12,921,431	25,632,491	22,384,185	16,697,089
Income tax expense	(325,301)	(327,306)	(471,216)	(80,750)	(895,563)
Profit for the period/year from continuing operations	10,173,041	12,594,125	25,161,275	22,303,435	15,801,526
Discontinued operations					
Profit for the period/year from discontinued operations	151,350	215,788	2,290,523	6,163,409	1,790,945
Profit for the period/year	<u>10,324,391</u>	<u>12,809,913</u>	<u>27,451,798</u>	<u>28,466,844</u>	<u>17,592,471</u>

Revenue

The Group recognises revenue to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty and eliminating sales within the Group. For a discussion of the Group's revenue recognition policies, see note 2.6 to the 2015 Financial Statements.

The following table sets forth the components of the Group's revenue in respect of each of its reporting segments for the reporting periods indicated:

	Six month period ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
			<i>(AED '000)</i>		
Transportation and related services	45,508,340	45,335,936	94,410,506	93,115,768	90,152,111
Oil and gas products/services	19,431,757	27,980,498	49,669,646	71,196,785	63,965,749
Banking and other financial services	9,367,579	8,384,906	17,194,576	16,326,155	13,942,382
Others	8,171,229	7,773,461	16,108,643	11,420,195	10,202,558
	<u>82,478,905</u>	<u>89,474,801</u>	<u>177,383,371</u>	<u>192,058,903</u>	<u>178,262,800</u>

Major segments contributing to the Group's revenues are transportation and related services (55.2 per cent., 50.7 per cent., 53.2 per cent., 48.5 per cent. and 50.6 per cent. of the Group's revenue for the six month period ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013, respectively) and oil and gas products/services (23.6 per cent., 31.3 per cent., 28.0 per cent., 37.1 per cent. and 35.9 per cent. of the

Group's revenue for the six month period ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013, respectively).

The Group's revenue for the six month period ended 30 June 2016 was AED 82.5 billion as compared to revenue of AED 89.5 billion for the six month period ended 30 June 2015, which represents a decrease of 7.8 per cent., or AED 7.0 billion. The decrease in revenue primarily reflects a decline in revenue from oil and gas products/services due to a decline in the price of crude oil. Revenues in the transportation segment were impacted by the strong U.S. Dollar against other major currencies, increased competition and sustained economic and political uncertainty in many parts of the world. These revenues declines were partially offset by higher revenues in the banking segment and the inclusion of new subsidiaries acquired during the second half of 2015.

The Group's revenue for the year ended 31 December 2015 was AED 177.4 billion as compared to revenue of AED 192.0 billion for the year ended 31 December 2014, which represents a decrease of 7.6 per cent., or AED 14.7 billion. The decrease in revenue primarily reflects a decline in revenue from oil and gas products and services due to a decline in the price of crude oil. This was partially offset by higher revenues resulting from the acquisition of new subsidiaries during the period.

The Group's revenue for the year ended 31 December 2014 was AED 192.0 billion as compared to revenue of AED 178.3 billion for the year ended 31 December 2013, which represents an increase of 7.7 per cent., or AED 13.8 billion. The increase in revenue reflects an increase in revenue from transportation and related services primarily due to increased passenger sales for Emirates and an increase in revenue from oil and gas products and services due to a combination of increases in sales volume and the average price of crude oil.

Other income

Other income principally includes: foreign exchange income; gain on bargain purchase; net gain on sale of investment securities; liquidated damages; vendors' support fee income; net changes in fair value of investments carried at fair value; dividend income from marketable securities; gain on sale and leaseback of aircraft; certain reversals of provisions and gains on disposal of property, plant and equipment, investment properties and intangible assets; gain on disposal of stake in an indirect associate; and sale of jointly controlled entity.

The Group's other income was essentially unchanged at AED 3.2 billion for the six month periods ended 30 June 2016 and 2015.

The Group's other income for the year ended 31 December 2015 was AED 5.9 billion as compared to AED 9.4 billion for the year ended 31 December 2014, which represents a decrease of 37.9 per cent., or AED 3.6 billion. The decrease was primarily attributable to the non-recurring nature of the AED 3.0 billion gain on partial disposal of a stake in an indirect associate related to the Group's investment in the London Stock Exchange in 2014. During 2015 the Group had AED 0.9 billion of lower liquidated damages (primarily in the transportation and related services segment), an AED 0.5 billion gain on bargain purchase upon the acquisition of Ssangyong and a lower net gain on sale of marketable securities.

The Group's other income for the year ended 31 December 2014 was AED 9.4 billion as compared to other income of AED 5.2 billion for the year ended 31 December 2013, which represents an increase of 82.5 per cent., or AED 4.3 billion. The increase was primarily attributable to the non-recurring nature of the AED 3.0 billion gain on partial disposal of a stake in an indirect associate related to the Group's investment in the London Stock Exchange in 2014, an increase of AED 0.6 billion in liquidated damages and an increase of AED 0.5 billion in net gain on disposal of fixed assets.

General, administrative and other expenses

General, administrative and other expenses principally include staff costs, sales and marketing expenses, depreciation, impairment and amortisation expenses, repair and maintenance expenses, office and equipment rentals and other expenses.

The Group's general, administrative and other expenses for the six month period ended 30 June 2016 were AED 10.8 billion as compared to general, administrative and other expenses of AED 9.9 billion for the six

month period ended 30 June 2015, which represents an increase of 9.1 per cent., or AED 0.9 billion due to continued capacity expansion and the overhead of acquired subsidiaries.

The Group's general, administrative and other expenses for the year ended 31 December 2015 were AED 20.6 billion as compared to general, administrative and other expenses of AED 18.7 billion for the year ended 31 December 2014, which represents an increase of 10.2 per cent., or AED 1.9 billion due to higher oil and gas depletion charges, the overhead of acquired subsidiaries and the support of business growth requirements.

The Group's general, administrative and other expenses for the year ended 31 December 2014 were AED 18.7 billion as compared to general, administrative and other expenses of AED 15.9 billion for the year ended 31 December 2013, which represents an increase of 17.4 per cent., or AED 2.8 billion to support business growth requirements.

Net impairment losses on financial assets and equity accounted investees

Net impairment losses on financial assets and equity accounted investees includes impairment losses on loans and receivables; trade and other receivables; available-for-sale investments; investments in associates and joint ventures; Islamic financing and investment products; and other financial assets; reduced by reversals of impairment provisions.

The Group's net impairment losses on financial assets for the six month period ended 30 June 2016 were AED 1.9 billion as compared to AED 2.0 billion for the six month period ended 30 June 2015, which represents a decrease of 3.8 per cent., or AED 0.1 billion. The decrease was primarily due to AED 0.5 billion lower impairments on loans and receivables and Islamic financing and investments (net of recoveries) from banking operations, partially offset by AED 0.4 billion higher impairments in non-banking operations.

The Group's net impairment losses on financial assets for the year ended 31 December 2015 were AED 3.9 billion as compared to AED 6.2 billion for the year ended 31 December 2014, which represents a decrease of 37.8 per cent., or AED 2.3 billion. The decrease was primarily due to AED 1.1 billion lower impairments on loans and receivables (net of recoveries), AED 0.4 billion lower impairments on available for sale investments, AED 0.4 billion lower impairments on Islamic financing and investment products and AED 0.4 billion lower impairments on investments in associates and joint ventures.

The Group's net impairment losses on financial assets for the year ended 31 December 2014 were AED 6.2 billion as compared to AED 5.0 billion for the year ended 31 December 2013, which represents an increase of 24.5 per cent., or AED 1.2 billion. The increase was primarily due to an increase of AED 0.4 billion in the impairment losses on investment in associates and joint ventures, AED 0.2 billion in the impairment losses on trade and other receivables - net of recoveries, and AED 0.2 billion in the impairment losses on available-for-sale investments.

Profit before income tax from continuing operations

The Group's profit before income tax from continuing operations for the six month period ended 30 June 2016 was AED 10.5 billion as compared to profit before income tax from continuing operations of AED 12.9 billion for the six month period ended 30 June 2015, which represents a decrease of 18.8 per cent., or AED 2.4 billion. The decrease was primarily a result of lower revenues from the oil and gas products/services and transportation segments that were only partially offset by lower costs of revenues due to a decline in fuel input costs, as well as increased general and administrative costs. The Group's operating margin decreased to 12.7 per cent. for the six month period ended 30 June 2016 as compared to an operating margin of 14.4 per cent. for the six month period ended 30 June 2015.

The Group's profit before income tax from continuing operations for the year ended 31 December 2015 was AED 25.6 billion as compared to profit before income tax from continuing operations of AED 22.4 billion for the year ended 31 December 2014, which represents an increase of 14.5 per cent., or AED 3.2 billion. The increase was primarily due to lower unit costs at Emirates (primarily due to fuel prices), lower funding costs in the banking segment and lower net impairment losses on financial assets and equity accounted investees. The Group's operating margin increased to 14.5 per cent. for the year ended 31 December 2015 as compared to operating margin of 11.7 per cent. for the year ended 31 December 2014.

The Group's profit before income tax from continuing operations for the year ended 31 December 2014 was AED 22.4 billion as compared to profit before income tax from continuing operations of AED 16.7 billion for the year ended 31 December 2013, which represents an increase of 34.1 per cent., or AED 5.7 billion. The increase was primarily due to growth in core businesses and the partial disposal of the Group's equity investment in the London Stock Exchange in 2014, and was partially offset by increased impairment charges on financial assets and equity accounted investees. The Group's operating margin increased to 11.7 per cent. for the year ended 31 December 2014 as compared to operating margin of 9.4 per cent. for the year ended 31 December 2013.

Operating margin is a non-GAAP measure (see "*Presentation of Financial and Other Information – Non-GAAP Measures*").

Income tax expense

A significant part of the Group's operations are carried out within the UAE and presently the Group's operations in the UAE are not subject to corporation tax. The primary contributors to the Group's tax expenses (AED 0.3 billion, AED 0.3 billion, AED 0.5 billion, AED 0.1 billion and AED 0.9 billion for the six month periods ended 30 June 2016 and 2015 and for the years ended 31 December 2015, 2014 and 2013, respectively) are the Group's operations in Turkmenistan, Egypt, Saudi Arabia and Singapore. Although the Group has operations in a number of other tax jurisdictions, it has secured tax exemptions by virtue of double taxation agreements and reciprocal arrangements in most such jurisdictions.

Profit from discontinued operations

The Group's profit from discontinued operations for the six month period ended 30 June 2016 was essentially unchanged at AED 0.2 billion for the six month periods ended 30 June 2016 and 2015.

The Group's profit from discontinued operations for the year ended 31 December 2015 was AED 2.3 billion as compared to profit from discontinued operations of AED 6.2 billion for the year ended 31 December 2014, which represents a decrease of 62.8 per cent., or AED 3.9 billion. The decrease is primarily attributable to the non-recurring nature of a gain of AED 5.9 billion associated with the creation of EGA in 2014 that was partially offset by the gain of AED 2.3 billion on the sale of DAE's stake in Standard Aero Inc. in 2015.

The Group's profit from discontinued operations for the year ended 31 December 2014 was AED 6.2 billion as compared to profit from discontinued operations of AED 1.8 billion for the year ended 31 December 2013, which represents an increase of 244.1 per cent., or AED 4.4 billion. The increase was due to a gain arising from the disposal of DUBAL as part of the creation of EGA.

Profit for the period

In addition to the factors described above:

For the six month periods ended 30 June 2016 and 2015

The Group's net share of results of associates and joint ventures decreased by 22.3 per cent. to AED 1.9 billion in the six month period ended 30 June 2016 from AED 2.4 billion for the six month period ended 30 June 2015, primarily due to the impact of lower aluminium prices on the results of EGA.

The Group's other finance costs was essentially unchanged at AED 1.8 billion for the six month periods ended 30 June 2016 and 2015.

Reflecting the above factors, the Group made a profit of AED 10.3 billion for the six month period ended 30 June 2016 as compared to a profit of AED 12.8 billion for the six month period ended 30 June 2015, which represents a decrease of 19.4 per cent., or AED 2.5 billion.

For the years ended 31 December 2015 and 2014

The Group's net share of results of associates and joint ventures decreased by 14.0 per cent. to AED 4.0 billion in the year ended 31 December 2015 from AED 4.7 billion in the year ended 31 December 2014, primarily due to the impact of lower aluminium prices on the results of EGA.

The Group's other finance costs increased by 3.8 per cent. to AED 3.6 billion in the year ended 31 December 2015 from AED 3.5 billion in the year ended 31 December 2014, primarily due to a higher level of borrowings.

Reflecting the above factors, the Group made a profit of AED 27.5 billion for the year ended 31 December 2015 as compared to a profit of AED 28.5 billion for the year ended 31 December 2014, which represents a decrease of 3.6 per cent., or AED 1.0 billion.

For the years ended 31 December 2014 and 2013

The Group's net share of results of associates and joint ventures increased by 86.4 per cent. to AED 4.7 billion in the year ended 31 December 2014 from AED 2.5 billion in the year ended 31 December 2013, primarily due to the inclusion of results from EGA.

The Group's other finance costs were AED 3.7 billion and AED 3.5 billion in the years ended 31 December 2014 and 2013 respectively.

Reflecting the above factors, the Group made a profit of AED 28.5 billion for the year ended 31 December 2014 as compared to a profit of AED 17.6 billion for the year ended 31 December 2013, which represents an increase of 61.9 per cent., or AED 10.9 billion.

Liquidity and Borrowings

Cash Flow

The following table sets forth components of the Group's consolidated cash flow statement for the reporting periods indicated:

	Six month period ended 30		Year ended 31 December		
	June		2015	2014	2013
	2016	2015			
	<i>(unaudited)</i>		<i>(AED'000)</i>		
Net cash generated from operating activities.....	14,194,857	11,362,729	19,968,119	34,771,991	21,862,203
Net cash generated from/(used in) investing activities.....	6,443,042	19,537,801	(1,856,566)	(30,648,989)	(29,387,043)
Net cash (used in)/generated from financing activities.....	(4,630,156)	(2,419,040)	(9,988,586)	6,444,080	6,777,719
Net increase/(decrease) in cash and cash equivalents.....	16,007,743	28,481,490	8,122,967	10,567,082	(747,121)
Cash and cash equivalents acquired on business combinations.....	—	—	—	—	3,638,980
Cash and cash equivalents relating to disposal group classified as held for sale.....	—	(274,886)	—	—	(325,288)
Cash and cash equivalents at the beginning of the period/year.....	33,868,945	25,745,978	25,745,978	15,178,896	12,612,325
Cash and cash equivalents at the end of the period/year.....	49,876,688	53,952,582	33,868,945	25,745,978	15,178,896

Net cash generated from operating activities. Net cash generated from operating activities for the six month period ended 30 June 2016 was AED 14.2 billion, which represents an increase of AED 2.8 billion or 24.9 per cent. as compared to net cash generated from operating activities of AED 11.4 billion for the six month period ended 30 June 2015. Net cash generated from operating activities for the year ended 31 December 2015 was AED 20.0 billion, which represents a decrease of AED 14.8 billion or 42.6 per cent. as compared to net cash generated from operating activities of AED 34.8 billion for the year ended 31 December 2014, which was an increase of AED 12.9 billion or 59.1 per cent. as compared to net cash generated from operating activities of AED 21.9 billion for the year ended 31 December 2013.

Net cash generated from/(used in) investing activities. Net cash generated from investing activities for the six month period ended 30 June 2016 was AED 6.4 billion, which represents a decrease of AED 13.1 billion or 67.0 per cent. as compared to net cash generated from investing activities of AED 19.5 billion for the six

month period ended 30 June 2015. Net cash used in investing activities for the year ended 31 December 2015 was AED 1.9 billion, which represents a decrease of AED 28.8 billion or 93.9 per cent. as compared to net cash used in investing activities of AED 30.6 billion for the year ended 31 December 2014, which was an increase of AED 1.3 billion or 4.3 per cent. as compared to net cash used in investing activities of AED 29.4 billion for the year ended 31 December 2013.

Net cash generated (used in)/from financing activities. Net cash used in financing activities for the six month period ended 30 June 2016 was AED 4.6 billion, which represents an increase of AED 2.2 billion as compared to net cash used in financing activities of AED 2.4 billion for the six month period ended 30 June 2015. Net cash used in financing activities for the year ended 31 December 2015 was AED 10.0 billion, as compared to net cash generated from financing activities of AED 6.4 billion for the year ended 31 December 2014, which was a decrease of AED 0.3 billion or 4.9 per cent. as compared to net cash generated from financing activities of AED 6.8 billion for the year ended 31 December 2013.

As a result, as at 30 June 2016, the Group had cash and cash equivalents of AED 49.9 billion as compared to cash and cash equivalents of AED 33.9 billion as at 31 December 2015, which represents an increase of AED 16.0 billion, or 47.3 per cent. During the year ended 31 December 2015, cash and cash equivalents increased by AED 8.1 billion, or 31.6 per cent., from AED 25.7 billion as at 31 December 2014. During the year ended 31 December 2014, cash and cash equivalents increased by AED 10.6 billion, or 69.6 per cent., from AED 15.2 billion as at 31 December 2013.

Material Indebtedness

The Group recognises borrowings at fair value (net of transaction costs incurred) at inception and subsequently at amortised cost.

The following is a summary of the Group's outstanding material indebtedness as at 30 June 2016:

- bank borrowings amounting to AED 43.5 billion from various financial institutions repayable over the period up to 2026;
- debt issues and other borrowed funds pertaining to banking operations of the Group include borrowings raised from loan securitisations, medium term note programmes and term loans from banks amounting to AED 2.3 billion, AED 28.2 billion and AED 6.2 billion, respectively, repayable over the period up to 2026;
- Eurobonds and sukuk denominated in U.S. dollars amounting to AED 16.7 billion repayable over the period up to 2025;
- AED denominated bonds totalling AED 5.1 billion, payable to bondholders of one of the subsidiaries of the Group which is a *Shari'a*-compliant open ended investment fund;
- finance lease liabilities amounting to AED 38.1 billion primarily arising from the Group's transportation and related services. The finance lease liabilities are secured on aircraft and aircraft related assets;
- loans from associates and joint ventures in the amount of AED 11.1 billion, repayable over the period up to 2026;
- bank overdrafts in the amount of AED 0.3 billion;
- amounts due to banks totalling AED 16.0 billion primarily comprised of balances with correspondent banks and time and other deposits received by the Group's banking operations from other banks; and
- Group borrowings from the Dubai Department of Finance and the UAE Ministry of Finance for purposes designated by the respective agencies, totalling AED 10.0 billion repayable over the period up to 2020.

As at 30 June 2016, ICD had outstanding bank indebtedness and borrowings under its euro medium term note programme (the “**EMTN Programme**”) and its trust certificate issuance programme (the “**Sukuk**”

Programme) of AED 17.8 billion (at the ICD level only). The Government has not provided any guarantees and does not have any other contingent liabilities in respect of this indebtedness.

As at 30 June 2016, ICD's outstanding bank indebtedness and borrowings under the EMTN Programme and the Sukuk Programme that is due to mature in 2016, 2017, 2018 and 2019 was nil, nil, AED 9.4 billion, and nil respectively.

Related Party Transactions

The Group enters into transactions with various related parties. Related parties represent associated companies, joint ventures, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. Pricing policies and the terms of transactions with related parties are approved by the Group's management. Such related parties primarily comprise other Government-owned entities and include various utility companies, port authorities and financial institutions.

In accordance with the exemption in the revised International Accounting Standard ("IAS") 24, the Group does not disclose transactions which are entered into in the normal course of business with the Government and the entities that are related parties even though the Government has control, joint control or significant influence over them.

Transactions with related parties included in the consolidated income statement for the reporting periods indicated

	Six month period ended 30 June 2016				
	Purchase of goods and services (including cost of revenue)	Sale of goods and services (including revenue)	Other finance income	Other finance costs	Other income – net
	<i>(AED'000, unaudited)</i>				
Associates and joint ventures.....	1,356,670	1,406,547	205,280	158,647	—
Government, Ministry of Finance and other related parties	20,327	573,506	286,267	151,683	13,970
	Six month period ended 30 June 2015				
	Purchase of goods and services (including cost of revenue)	Sale of goods and services (including revenue)	Other finance income	Other finance costs	Other income – net
	<i>(AED'000, unaudited)</i>				
Associates and joint ventures.....	2,322,064	2,604,394	107,730	120,207	—
Government, Ministry of Finance and other related parties	108,905	663,603	215,386	227,648	21,307
	Year ended 31 December 2015				
	Purchase of goods and services (including cost of revenue)	Sale of goods and services (including revenue)	Other finance income	Other finance costs	Other income – net
	<i>(AED'000)</i>				
Associates and joint ventures.....	3,132,392	4,418,216	277,028	271,010	1,826
Government, Ministry of Finance and other related parties	365,509	693,217	446,165	527,367	3,886

Year ended 31 December 2014

	Purchase of goods and services (including cost of revenue)	Sale of goods and services (including revenue)	Other finance income (AED'000)	Other finance costs	Other income / (expenses) – net
Associates and joint ventures.....	7,945,590	9,323,340	157,464	150,953	(141,153)
Government, Ministry of Finance and other related parties.....	40,053	959,548	362,675	478,062	54,896

Year ended 31 December 2013

	Purchase of goods and services (including cost of revenue)	Sale of goods and services (including revenue)	Other finance income (AED'000)	Other finance costs	Other income – net
Associates and joint ventures.....	7,012,020	8,007,052	57,000	145,699	—
Government, Ministry of Finance and other related parties.....	30,203	833,106	352,125	701,529	28,163

Amounts from and due to related parties as at the reporting dates indicated

	As at 30 June 2016		As at 31 December 2015⁽¹⁾		As at 31 December 2014		As at 31 December 2013	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
	<i>(unaudited)</i>							
	<i>(AED '000)</i>							
Associates and joint ventures	14,825,272	11,904,137	17,663,925	11,812,610	10,995,358	10,197,648	3,947,350	5,917,886
Government, Ministry of Finance and other related parties	139,926,995	14,175,593	143,905,799	14,914,040	130,245,215	13,761,026	112,523,108	22,842,955
	154,752,267	26,079,730	161,569,724	26,726,650	141,240,573	23,958,674	116,470,458	28,760,841

(1) The financial information as at 31 December 2015 in this table has been extracted from the 2016 Interim Financial Statements.

In addition to the amounts included above, other non-current assets as at 31 December 2014 included an amount of AED 2.0 billion being the carrying value of guarantee from a related party. During the year ended 31 December 2015, the full amount of the guarantee amounting to AED 2.0 billion was settled.

Off-Balance Sheet Arrangements

The Group has certain material off-balance sheet arrangements that may have a material current or future effect on its financial condition, revenue, expenses, results of operations, liquidity, capital expenditure or capital resources.

Investment commitments

The Group had the following investment commitments as at the reporting dates indicated:

	As at 30 June 2016	As at 31 December		
	(unaudited)	2015	2014	2013
	<i>(AED '000)</i>			
Available-for-sale investments	1,018,119	1,019,398	728,411	737,562
Group's share of investment commitments in associates	—	—	—	10,661
Group's share of investment commitments in joint ventures.....	—	—	—	1,564,783
Others	—	—	255,000	255,000
	1,018,119	1,019,398	983,411	2,568,006

Operating lease commitments

Group as lessee

The following future minimum rentals were payable by the Group under non-cancellable operating leases as at the reporting dates indicated:

	<u>As at 30 June</u>	<u>As at 31 December</u>		
	<u>2016</u>	<u>2015⁽¹⁾</u>	<u>2014</u>	<u>2013</u>
	<i>(unaudited)</i>			
	<i>(AED '000)</i>			
Within one year	10,396,140	9,200,142	7,694,853	7,751,232
After one year but not more than five years	33,535,951	29,276,425	22,312,992	22,944,336
More than five years	30,569,110	22,640,966	15,305,779	15,369,941
	<u>74,501,201</u>	<u>61,117,533</u>	<u>45,313,624</u>	<u>46,065,509</u>

(1) The financial information as at 31 December 2015 in this table has been extracted from the 2016 Interim Financial Statements.

Group as lessor

The Group has entered into commercial property leases on its portfolio of properties, consisting of the Group's investment properties. A subsidiary of the Group has entered into non-cancellable operating leases for aircraft expiring from 2016 to 2028.

The following future minimum rentals were receivable by the Group as at the reporting dates indicated:

	<u>As at 30 June</u>	<u>As at 31 December</u>		
	<u>2016</u>	<u>2015⁽¹⁾</u>	<u>2014</u>	<u>2013</u>
	<i>(unaudited)</i>			
	<i>(AED '000)</i>			
Within one year	1,947,327	2,262,040	2,017,353	1,607,466
After one year but not more than five years	3,965,787	4,182,778	4,395,094	3,004,191
More than five years	1,831,648	2,351,523	2,585,268	1,680,989
	<u>7,744,762</u>	<u>8,796,341</u>	<u>8,997,715</u>	<u>6,292,646</u>

(1) The financial information as at 31 December 2015 in this table has been extracted from the 2016 Interim Financial Statements.

Capital commitments

The Group's capital expenditure contracted for or estimated but not provided for as at the reporting dates indicated were:

	<u>As at 30 June</u>	<u>As at 31 December</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<i>(unaudited)</i>			
	<i>(AED '000)</i>			
<i>Capital commitments for purchase of aircrafts</i>				
Up to one year.....	30,300,322	31,273,610	22,512,557	17,193,728
Two to five years	77,456,319	80,870,399	65,330,675	88,408,662
Above five years	158,811,119	165,649,005	171,891,812	210,579,535
Total	<u>266,567,760</u>	<u>277,793,014</u>	<u>259,735,044</u>	<u>316,181,925</u>
Contracted commitment in relation to other non-financial assets.....	7,805,951	9,745,824	10,953,608	13,561,320
Group's share of associate and joint ventures capital expenditure commitments	7,085,015	7,918,558	6,349,303	2,845,643
	<u>281,458,726</u>	<u>295,457,396</u>	<u>277,037,955</u>	<u>332,588,888</u>

Contingencies

The Group had the following contingent liabilities as at the reporting dates indicated:

	<u>As at 30 June</u>	<u>As at 31 December</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<i>(unaudited)</i>			
		<i>(AED '000)</i>		
Letters of credit.....	11,436,966	12,331,593	9,351,990	9,341,531
Letters of guarantee	48,270,279	47,696,470	49,284,465	52,397,166
Liabilities on risk participation.....	337,090	498,516	1,027,628	2,217,393
Performance bonds	260,436	277,003	162,568	137,944
Group's share of guarantees in associates and joint ventures.....	6,286,421	5,809,426	5,145,577	4,328,281
Group's share of letter of credit in associates and joint ventures.....	1,304,081	1,378,594	1,356,223	1,359,706
Third party claims.....	1,973,298	1,873,458	580,915	633,176
Acceptances.....	—	—	—	995,968

One of the Group's subsidiaries has operational commitments related to sales and marketing amounting to AED 2.8 billion as at 30 June 2016, AED 2.5 billion as at 31 December 2015, AED 2.5 billion as at 31 December 2014 and AED 3.3 billion as at 31 December 2013.

The Group's banking operations had irrevocable undrawn loan commitments of AED 38.0 billion outstanding as at 30 June 2016, AED 35.4 billion outstanding at 31 December 2015, AED 26.8 billion outstanding as at 31 December 2014 and AED 25.7 billion outstanding as at 31 December 2013.

One of the Group's subsidiaries had performance bonds and payment guarantees amounting to AED 3.9 billion as at 30 June 2016 and AED 12.9 billion as at 31 December 2015. The Group carried out a detailed review and assessed how much of the contingent liabilities would crystallise and it has estimated that only AED 0.2 billion as at 30 June 2016 and AED 0.4 billion as at 31 December 2015 may crystallise. Accordingly, the Group recorded provisions in the statement of financial position in the 2016 Interim Financial Statements of AED 0.2 billion as at 30 June 2016 and AED 0.4 billion as at 31 December 2015.

For further information in respect of the Group's commitments and contingencies, including in respect of assets held under fiduciary capacity, operational commitments and irrevocable loan commitments, see note 17 of the 2016 Interim Financial Statements and note 36 of the 2015 Financial Statements and 2014 Financial Statements.

Significant Accounting Judgments, Estimates and Assumptions

In preparing its financial statements, ICD's management is required to make certain accounting judgments, estimates and assumptions (for example, in respect of, *inter alia*, classifications of investments, fair values of financial instruments, depreciation and impairment allowances). These judgments, estimates and assumptions affect the reported amounts of the Group's assets and liabilities at the date of the financial statements and the reported amounts of the Group's revenue and cost of revenue during the years and periods presented. ICD's management evaluates these judgments, estimates and assumptions on an ongoing basis on the basis of historical experience and various other factors that ICD's management believes to be reasonable at the time such judgments, estimates and assumptions are made. However, future events and their effects cannot be predicted with absolute certainty. Therefore, actual results may differ from these estimates and assumptions under different circumstances or conditions, and such differences may be material to the financial statements. A summary of the Group's significant accounting policies and significant accounting judgements, estimates and assumptions is contained in notes 2.5 and 2.6 to the 2015 Financial Statements.

Qualitative Disclosures about Financial Risk Management

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk, each of which is summarised below. ICD manages these risks through a risk management framework under the overall oversight of the Board and the boards of directors of each of ICD's subsidiaries are responsible for the establishment and oversight of the risk management frameworks of their respective

entities, identifying and analysing the risks in the operations of their respective businesses and forming appropriate risk management committees to mitigate the risks of such businesses within the overall risk management framework of the Group. For a detailed discussion of the Group's financial risk management framework, see note 38 of the 2015 Financial Statements.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to investments in marketable securities (primarily) bonds and other held-to-maturity investments), Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties), customer acceptances and cash at bank.

The Group's exposure to credit risk on Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties) is monitored on an ongoing basis by the management of the respective subsidiaries. The Group's cash is placed with banks it believes to be reputable.

Liquidity Risk

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

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

Market Risk

Market risk is the risk that changes in market prices, such as equity prices, commodity prices, credit spreads, interest / profit rates and foreign currency rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group manages market risk in the following manner:

- subsidiaries of the Group monitor the mix of marketable securities in their investment portfolios. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the boards of directors or other appropriate authorities of the respective subsidiaries. For the year ended 31 December 2015 a 5.0 per cent. decrease in equity prices would have decreased the fair value of the Group's quoted securities by AED 332.3 million as compared to a decrease in the value of the Group's quoted securities of AED 747.6 million under the same scenario for the year ended 31 December 2014;
- subsidiaries which are exposed to price risk on commodities manage their exposure by use of commodity derivative instruments. For the year ended 31 December 2015 a 5.0 per cent. decrease in oil prices relating to commodity derivative contracts would have decreased the value of the Group's equity by AED 488.1 million as compared to a decrease in the value of the Group's equity of AED 4.6 million under the same scenario for the year ended 31 December 2014;

- certain subsidiaries manage their interest rate risk by entering into various interest rate swap contracts; and
- in respect of monetary assets and liabilities denominated in U.S. dollars, there is no exchange risk involved presently since the dirham is pegged to the U.S. dollar. However, certain transactions and balances of the Group are also denominated in other currencies. The Group closely monitors its currency rate trends and the related impact on assets and liabilities, and proactively manages its currency exposure from its revenue related activities.

RELATIONSHIP WITH THE GOVERNMENT

Introduction

ICD is the principal investment arm of the Government. It was incorporated on 3 May 2006 pursuant to a decree of H.H. The Ruler of Dubai (*Law No. 11 of 2006 Establishing the Investment Corporation of Dubai*) and mandated by such decree to, among other things, consolidate and manage the Government's portfolio of companies and investments. A number of these assets are considered to be strategic investments that are essential platforms for the future growth and long-term success of Dubai.

ICD is wholly-owned by the Government which, pursuant to a decree of H.H. The Ruler of Dubai (*Decree No. 39 of 2015 Forming the Board of Directors of the Investment Corporation of Dubai*), reappointing all members of the current Board, as well as the Chief Executive Officer of ICD, each for a term of three years. The Chairman of the Board is H.H. Sheikh Mohammed bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE and The Ruler of Dubai. Certain members of the Board include senior officials of the Government (see "*Management*").

Any change to the Government's 100 per cent. ownership in ICD, and any change to the Board, requires a decree issued by H.H. The Ruler of Dubai.

ICD has a strong relationship with the Government, which is described as follows.

ICD's Role in Dubai's Development Strategy

ICD plays a fundamental role in implementing the Government's development strategy for Dubai (in particular, Dubai's economic development strategy) and this forms the basis of ICD's investment strategy (see "*Description of ICD and the Group – Investment Strategy*").

Dubai's Development Strategy

In December 2014, the Government launched the Dubai Plan 2021 (the "**DP 2021**"), which has been designed to drive Dubai towards becoming one of the world's greatest cities, to reinforce its position as a pivotal hub in the global economy as well as the preferred place to live, work and visit for residents and visitors alike and to establish a common framework for the implementation of medium to long-term policies driving Dubai's economic, social and infrastructure development and increasing government efficiency and transparency (see further "*Overview of the United Arab Emirates and the Emirate of Dubai – Strategy of Dubai*").

Dubai's Economic Development

In terms of economic development, the key components of the DP 2021's goals for Dubai are:

- promoting sustainable economic growth that is resilient to disruptive shocks by ensuring such growth is underpinned by a diversified base of economic activity, innovation in business models and increasing productivity of labour and capital; and
- maintaining Dubai's position as one of the top five global centres for trade, logistics, tourism and finance as well as ensuring that Dubai is internationally recognised as a preferred investment destination for foreign capital and the leading financial and trading centre of the Islamic economy.

ICD's Role in Dubai's Economic Development

ICD plays a significant part in enabling the Government to achieve its economic development goals for Dubai. Through its investment operations, ICD contributes to the diversification of Dubai's industries and the promotion of growth within, and synergies across, such industries in order to develop a strong and sustainable multi-sector driven economy and stimulate private sector growth. ICD's contribution in this respect is illustrated principally by the investment portfolio companies which it holds and which span a number of different sectors and industries (namely, financial services, transportation, energy, industrial, real estate and hospitality and retail trade), all of which are important to the Government's development strategy for Dubai. Each of these sectors, which the Government has chosen to invest in on a commercial basis (initially directly, and subsequently indirectly after the establishment of ICD), has provided, and is expected to continue to provide, growth opportunities for the Dubai economy. Further, such investments promote economic stability

and reduce the Dubai economy's dependence on specific sectors or companies (see also "*Description of ICD and the Group – Business Strengths – Diversified Portfolio of Assets*").

Although ICD has autonomy in the selection of individual projects in which to invest, generally, projects, partnerships and joint ventures that ICD undertakes have regard to the Government's development strategy and are implemented in a commercial and economic manner. In this respect, see also "*Funding, Support and Oversight from the Government – Management Autonomy*" below.

Funding, Support and Oversight from the Government

Contributions from the Government

Upon ICD's incorporation, the Government's portfolio of companies was transferred to ICD from the Dubai Department of Finance's Investment Division, initially consisting of, among others, Emirates Bank International (now Emirates NBD PJSC), Dubai Aluminium (which now forms part of EGA), ENOC, Dubai World Trade Centre Corporation (now Dubai World Trade Centre Authority), Emirates, dnata, DIB and Emaar.

The Government has not, to date, provided any financial support to ICD. The Government has made non-monetary contributions to ICD from time to time, primarily in the form of company ownership interests or land grants (see further "*Operating and Financial Review – Factors Affecting Results of Continuing Operations – Capital*" and "*Operating and Financial Review – Factors Affecting Results of Continuing Operations – Government Grants*").

ICD does not automatically receive contributions (monetary or otherwise) from the Government and ICD has not, to date, sought any such contributions from the Government. ICD is self-funding and its requirements are typically met by funds raised by ICD itself through profits generated by and distributions received from its portfolio companies, through proceeds generated by the disposal or divestiture of its holdings or through third party debt financing that it has obtained for its own account. ICD's approach to funding is to be self-sustaining (see "*Description of ICD and the Group – Funding*").

Accordingly, there is no specific budget to determine the amount of funding ICD receives from (or is required to pay to) the Government. In addition, ICD is not a recipient of the Government's annual general budget allocations and has neither received nor requested any payments, budget allocations or other financial support from the Government.

Government Oversight

ICD is audited annually by the Government's Financial Audit Department (the "**GFAD**"), which audits any company in which the Government owns a 25.0 per cent. or greater stake in accordance with *Dubai Law No. 8 of 2010 Regarding Financial Audit Department*. The audit by GFAD includes:

- *Financial Audit*: ascertaining the extent of compliance and adequacy of ICD's financial operations with applicable laws, systems and procedures;
- *Performance Audit*: review of the efficiency, effectiveness and economy in the execution of tasks and mandated activities set out in ICD's establishment laws, contracts and internal procedures; and
- *Information Systems*: assessing the performance and efficiency of ICD's information technology ("**IT**") department and the adequacy of ICD's IT risk management procedures.

Distributions to the Government

ICD, from time to time, makes distributions of dividends to the Government and any such distributions are decided by the Board after having: (i) considered the best interests of ICD and the Group as a whole; (ii) applied its investment and other income towards, among other things, payment of interest and maturing debt liabilities; and (iii) budgeted for a retention of certain of its income for future investment purposes and for ICD's own general corporate purposes, see "*Risk Factors – ICD may be required to make distributions to its owner, the Government*".

ICD may also contribute a portion of the profits it derives from its portfolio companies towards the Government's annual budget, such amount being agreed between ICD and the Government prior to publication of its budget. ICD is under no obligation to make such a contribution. ICD's distributions paid to the Government for the six month period ended 30 June 2016 were AED 6,016 million, and for the years ended 2015, 2014 and 2013 were AED 6,858 million, AED 2,765 million and AED 2,233 million respectively.

Management Autonomy

ICD generally maintains autonomy from the Government in the operation of its business and management of its portfolio investments. As in other corporations, the Board has general oversight over all of ICD's activities, whilst day to day operations are managed by ICD's senior management team (see "*Management*"). ICD's investment process is operated entirely through its internal management committees (see "*Description of ICD and the Group – Investment Strategy*").

From time to time, however, the Government may intervene in ICD's operations in order to fulfil particular strategic objectives of the Government. Notably, on 10 August 2015, H.H. The Ruler of Dubai issued *Law No. 24 of 2015 Transferring the Ownership of the Dubai Aviation Corporation to the Investment Corporation of Dubai*, which transferred ownership of flydubai to ICD. Separately, on 16 June 2011, H.H. The Ruler of Dubai issued *Law No. 11 of 2011 Amending Law No. 14 of 2007 Establishing Dubai Real Estate Corporation*, which divested ICD of its stake in DREC. From the date of issuance of this law, DREC came under the direct control of H.H. The Ruler of Dubai and, accordingly, ceased to be controlled by ICD. This was treated as a return of capital to the Government during 2011 based on the carrying value of such investment at the date of cessation of ICD's control over DREC amounting to AED 160.3 billion. In June 2009, the Government provided an AED 4.0 billion capital injection to ENBD by providing funds to ICD to fund ICD's purchase of AED 4.0 billion of mandatory convertible Tier 1 debt securities issued by ENBD. The capital injection was made in order to help ENBD satisfy the regulatory capital requirements of the UAE Central Bank. During 2014, ownership of the AED 4.0 billion of mandatory convertible Tier 1 debt securities issued by ENBD was transferred outside of the Group in settlement of the associated liabilities.

DESCRIPTION OF ICD AND THE GROUP

Introduction

ICD was incorporated on 3 May 2006 pursuant to a decree of H.H. The Ruler of Dubai (*Law No. 11 of 2006 Establishing the Investment Corporation of Dubai*). ICD is directly and wholly-owned by, and is the principal investment arm of, the Government. As per its incorporating decree, ICD's mandate, which is underpinned by an overriding objective of supporting the long-term economic growth of Dubai, is to:

- consolidate and manage the existing portfolio of companies and investments of the Government;
- provide strategic oversight of the portfolio by developing and implementing best practice corporate governance policies and a transparent investment strategy, which takes into consideration opportunities to monetise portfolio assets (for example, through initial public offerings), in order to enhance portfolio returns; and
- efficiently deploy and recycle surplus capital by making new investments, both locally and internationally.

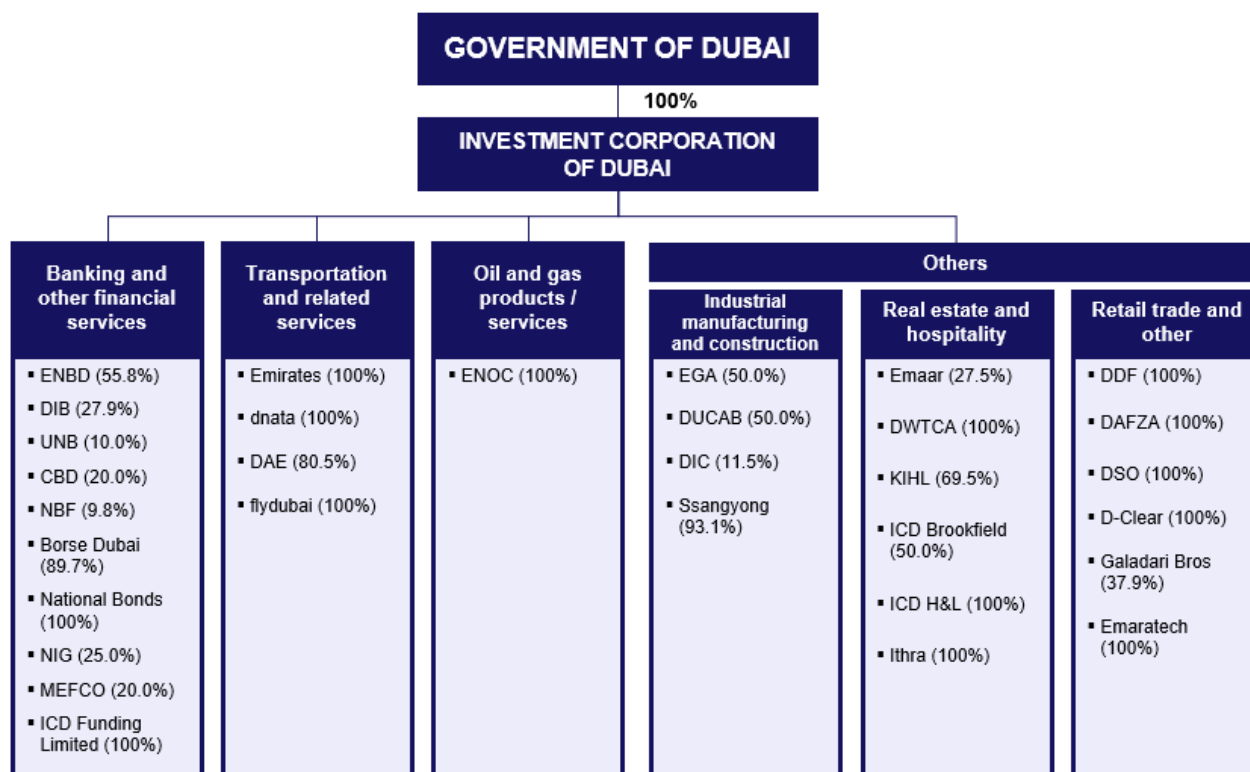
ICD's investment portfolio represents a cross-section of Dubai's most recognised and significant companies in sectors which the Government has deemed to be strategic for the continued development and growth of Dubai and the UAE (see “– *Investment Strategy – Sector Diversity*” and “– *Subsidiaries, Associates and Joint Ventures – Significant Holdings*”).

As at 30 June 2016, 31 December 2015 and 31 December 2014, the Group had total assets of AED 736.8 billion (U.S.\$200.5 billion), AED 720.1 billion (U.S.\$195.9 billion) and AED 672.3 billion (U.S.\$182.9 billion), respectively, with a total equity value of AED 198.8 billion (U.S.\$54.1 billion), AED 196.3 billion (U.S.\$53.4 billion) and AED 190.0 billion (U.S.\$51.7 billion), respectively. The Group generated AED 82.5 billion (U.S.\$22.4 billion) and AED 10.3 billion (U.S.\$2.8 billion) of revenue and net profit, respectively, for the six month period ended 30 June 2016, AED 177.4 billion (U.S.\$48.3 billion) and AED 27.5 billion (U.S.\$7.5 billion) of revenue and net profit, respectively, for the year ended 31 December 2015, and AED192.1 billion (U.S.\$52.3 billion) and AED 28.5 billion (U.S.\$7.8 billion) of revenue and net profit, respectively, for the year ended 31 December 2014.

ICD's principal office is at Dubai International Financial Centre, Gate Village 7, 6th Floor, P.O. Box 333888, Dubai, UAE and its telephone number is +971 4 707 1333.

Group Structure

The following chart provides an overview of the corporate structure of the Group and ICD's ownership interests in its principal portfolio companies as at 30 June 2016.



Operating Model

ICD has developed and adheres to a long-term strategy of building and maintaining a diversified portfolio of high-quality, commercially viable, growth-oriented companies with a view to optimising ICD's return on equity and ensuring the continued growth and long-term prosperity of the Dubai economy.

As an investment company, ICD's operating model is dependent on the portfolio of companies in which it invests. ICD's principal sources of income are dividends received from its portfolio companies, profits on disposals and supplementary investment returns.

ICD received AED 7.7 billion (U.S.\$2.1 billion) AED 6.4 billion (U.S.\$1.7 billion), AED 13.0 billion (U.S.\$3.5 billion) and AED 7.1 billion (U.S.\$1.9 billion) of dividend distributions from its portfolio companies for the six month period ended 30 June 2016 and the years ended 31 December 2015, 2014 and 2013, respectively.

ICD's portfolio companies are not generally obliged to declare periodic dividends. However, ICD may, depending on its ownership stake in a particular portfolio company, request such portfolio company to make dividend distributions to ICD in order to meet its funding needs and/or for its general corporate purposes. However, ICD does not typically provide such directions. See also "– Business Strengths – Diversified Portfolio of Assets", "– Investment Strategy" and "– Subsidiaries, Associates and Joint Ventures" below.

Business Strengths

ICD's Relationship with the Government

ICD has strong relationships with the Government and other Government controlled entities. ICD was incorporated by a decree of H.H. The Ruler of Dubai and mandated as the principal investment arm of the Government to, among other things, consolidate and manage the Government's portfolio of companies and

investments. A number of assets in ICD's portfolio are strategic investments that are platforms for the future growth of Dubai and essential for the long-term prosperity of Dubai and the UAE. For further information, see "*Relationship with the Government*" and "*Management*".

Diversified Portfolio of Assets

ICD's current portfolio represents a number of Dubai's largest, most profitable and internationally recognised companies which together provide a high degree of diversification across a number of industries (see "*Investment Strategy – Sector Diversity*" and "*Subsidiaries, Associates and Joint Ventures – Significant Holdings*") and which contribute to and sustain ICD's dividend income and portfolio growth (see "*Operating Model*").

ICD's principal portfolio companies are characterised by:

- ***Established track-record and sustainable organic growth:*** ICD's portfolio companies have built strong reputations and have established track-records of growing their businesses largely organically. For instance, Emirates increased the size of its fleet from two aircraft in 1985 to 248 aircraft as at 30 September 2016 (source <http://www.emirates.com/media-centre/emirates-group-announces-half-year-performance-for-2016-17>), DUBAL (which now forms part of EGA) grew its smelter capacity from 135 kilo tonnes per annum in 1980 to 2,400 kilo tonnes per annum by 2015 (source: <http://www.ega.ae/en/operations/smelters/dubal/history>, <http://www.ega.ae/en/who-we-are/corporate-profile>) and Emaar has become the largest publicly listed property developer in the MENA region, having delivered over 40,800 residential units since 2001 (source: *Emaar Third Quarter 2016 Investor Presentation*). Furthermore, many of ICD's portfolio companies, including Emirates, DUBAL (which now forms part of EGA) and Emaar, were established as start-ups by the Government and are commercially self-sustaining, growing organically through expansion funded by their own profits, cash reserves and independently sourced funding from commercial lenders and investors based on each company's standalone creditworthiness;
- ***Global competitiveness:*** Several of ICD's portfolio companies have developed significant international footprints as a result of offering globally competitive goods and services. For instance, EGA, through DUBAL, operates one of the largest single-site smelting facilities in the world that has the capacity to produce more than one million metric tonnes of high quality aluminium products per year (source: <http://www.ega.ae/en/who-we-are/corporate-profile>). This is also the case for portfolio companies that initially focused on developing their presence in the UAE market but have since been increasing their international operations. For example, Emaar's international land bank now includes approximately 196 million square metres across the UAE, India, Saudi Arabia, Pakistan, Turkey and Egypt (source: *Emaar Third Quarter 2016 Investor Presentation*) and dnata has become one of the largest combined air services providers in the world with international operations in 71 airports across six continents (source: *Emirates Group Annual Report 2015-2016*);
- ***Leading market position:*** The industries in which ICD's portfolio companies operate are highly competitive (see "*Risk Factors – Risks Relating to ICD – Risks relating to ICD's investment activities – The industries in which the Group operates are highly competitive*"). Despite this, several of ICD's portfolio companies are market leaders in their respective industries. For instance, Emirates has capitalised on Dubai's location to develop Dubai into a hub for connecting Europe, Africa and Asia and operates the world's largest fleets of Airbus A380 and Boeing 777 aircraft serving 155 destinations in 82 countries (source: *Emirates Group press release announcing half-year results for 2016-17*). Additionally, DDF is the largest single airport retailer operation in the world in terms of turnover with annual sales turnover of AED 6.9 billion in 2015 (source: www.dubaidutyfree.com/about/about_ddf), ENBD is one of the largest banks in the UAE and GCC when measured by asset, loans and deposits and Emaar is the largest publicly listed property developer by market capitalisation in the MENA region (source: *Emaar Third Quarter 2016 Investor Presentation*);
- ***Robust profitability:*** ICD's portfolio companies have sustainable operations and robust profitability. This is illustrated by ENBD whose net profit for the years ended 31 December 2014 and 2015 and the nine month period ended 30 September 2016 totalled AED 5.1 billion (U.S.\$1.4 billion), AED 7.1

billion (U.S.\$1.9 billion) and AED 5.4 billion (U.S.\$1.5 billion), respectively (*source: ENBD's published financial statements*), Emaar whose net profit for the years ended 31 December 2014 and 2015 and the nine month period ended 30 September 2016 totalled AED 3.7 billion (U.S.\$1.0 billion), AED 4.6 billion (U.S.\$1.2 billion) and AED 4.1 billion (U.S.\$1.1 billion), respectively (*source: Emaar's published financial statements*), and Emirates which has experienced its 28th consecutive year of profitability;

- *Strong management:* ICD's portfolio companies benefit from experienced boards of directors and senior management teams, who have contributed to the success and growth of these companies. For instance, the chairman and the chief executive officer of DDF have been with the company for more than 30 years and the eight members of Emirates' senior management team have, together, more than 230 years of experience in the airline industry (*source: <http://www.theemiratesgroup.com/english/our-company/leadership/leadership.aspx>*); and
- *Diversification:* With asset and net profit contributions from industry leading companies across the banking and financial services, transportation, energy, industrial, real estate and hospitality, retail and other sectors that include ENBD, DIB, Emirates, ENOC, EGA, Emaar and DDF, ICD's portfolio is diversified and resilient.

Financial Strength and Flexibility

As at 30 June 2016 and 31 December 2015, ICD, on a consolidated basis, had total assets of AED 736.8 billion (U.S.\$200.5 billion) and AED 720.1 billion (U.S.\$195.9 billion), respectively. ICD generated AED 82.5 billion (U.S.\$22.4 billion) and AED 10.3 billion (U.S.\$2.8 billion) of revenue and net profit, respectively, for the six month period ended 30 June 2016, AED 177.4 billion (U.S.\$48.3 billion) and AED 27.5 billion (U.S.\$7.5 billion) of revenue and net profit, respectively, for the year ended 31 December 2015 and AED 192.1 billion (U.S.\$52.3 billion) and AED 28.5 billion (U.S.\$7.8 billion) of revenue and net profit, respectively, for the year ended 31 December 2014.

With its strong base of commercially successful and, in certain cases, globally recognised portfolio companies, access to domestic and international funding and Dubai's open economy, ICD has the flexibility and capability to shape its portfolio for the long-term benefit of Dubai and the Government (see also "*Relationship with the Government – ICD's Role in Dubai's Development Strategy*").

Additionally, given its broad mandate and strategic importance to Dubai, ICD benefits from numerous sources of liquidity, including strong international and domestic banking relationships and, from time to time, income from asset disposals. Furthermore, notwithstanding ICD's general long-term approach to investments (see "*Investment Strategy*"), ICD has access to a highly liquid portfolio of equity interests (i.e. ICD's interests in its portfolio companies that are publicly held (and whose shares are publicly traded), were valued at approximately AED 51.4 billion (U.S.\$14.0 billion) as at 30 November 2016).

See also "*Subsidiaries, Associates and Joint Ventures – Significant Holdings*" below for a list of the market capitalisations of the major listed companies in ICD's portfolio.

Conservative Consolidated and Standalone Leverage

On a consolidated basis, as at 30 June 2016 and 31 December 2015, ICD had AED 538.0 billion (U.S.\$146.4 billion) and AED 523.8 billion (U.S.\$142.5 billion) of total liabilities, respectively. A substantial portion of ICD's consolidated indebtedness is attributable to its banking subsidiaries, in particular, ENBD, which has been incurred, with no recourse to ICD, in the normal course of its commercial banking operations. ICD considers the overall leverage of its banking subsidiaries to be conservative by industry standards. In addition, on a standalone basis, ICD considers its total bank indebtedness and borrowings under the EMTN Programme and the Sukuk Programme to be low relative to its total capitalisation (see also "*Operating and Financial Review – Liquidity and Borrowings – Material Indebtedness*").

Human Capital Resources

As mentioned above, ICD's portfolio companies benefit from experienced boards of directors and senior management teams who have contributed to the success and growth of these companies. In its position as shareholder of such companies, ICD has access to, and may from time to time consult with and acquire

strategic advice from, the management teams of its portfolio companies who, collectively, have significant management experience across a wide variety of industries and geographies.

Competitive Environment

ICD's mandate to consolidate and manage the Government's portfolio of companies is unique among Government-owned investment vehicles and ICD does not believe it faces significant competition in carrying out this mandate. However, certain portfolio companies face competition in their specific business areas, both locally in the MENA region and internationally. The nature and extent of this competition, and its effect on the Group as a whole, varies depending on the businesses concerned (see also "*Risk Factors*"). ICD's management believes that the existing sector diversity of its portfolio, as well as its continuing strategy of sector and geographic diversification of the Group's activities, offers a level of protection against, and mitigates, the adverse effects of one or more of its investments facing significant competition in their sphere of operations.

Investment Strategy

In order to support the long-term economic prosperity of Dubai and the objectives of the Government's economic development strategy (see also "*Relationship with the Government*"), ICD's investment strategy is focused on optimising its return on equity and ensuring the continued growth and long-term prosperity of the Dubai economy, principally by:

- enhancing the value of its existing portfolio companies through active portfolio management; and
- efficiently deploying and recycling capital for new investments and acquisitions both locally and internationally.

Active Portfolio Management

ICD's approach to portfolio management comprises the following key elements:

- *Design and implementation of asset level and portfolio investment strategy:* ICD regularly assesses its business strategy and portfolio performance, taking into consideration, in particular, asset, sector and macroeconomic trends upon which it forms, within the framework of its planning and investment process (see "*Planning and Investment Process*" below), a view on its short and long-term investment strategies (at both asset and portfolio levels) and the implementation and management of the same. As part of this process, ICD typically considers, among other things, potential monetisation opportunities to recycle capital (for example through initial public offerings) and new investment opportunities that are either strategic and complementary to existing portfolio assets, or that are conducive to portfolio diversification;
- *Consistent application of best practice governance:* ICD does not typically direct the commercial or operational decisions of its portfolio companies, each of which are managed by their respective management and guided and supervised by their boards of directors. However, in its capacity as a shareholder and as the representative of the Government, ICD does have the ability to actively engage various stakeholders, including the boards and management of its portfolio companies. Shareholder activity is carried out to implement ICD's mandate to supervise and monitor its portfolio companies and any coordination between them. Further, as a shareholder, ICD endeavours to promote efficient and effective corporate governance structures and practices at each of its portfolio companies;
- *Providing strategic advice and assistance to its portfolio companies, where necessary, to support their growth aspirations:* From time to time, ICD provides assistance to its portfolio companies to support their development through the provision of strategic advice on, among other matters, funding, legal affairs, growth planning and, where necessary, the provision of capital;
- *Facilitation of portfolio co-operation and the harnessing of Group synergies:* From time to time, ICD facilitates the implementation of co-operative ventures between its portfolio, or affiliated, companies and exercises its shareholder rights in furtherance of its mandate to supervise and monitor its portfolio companies and coordinate any co-operation between them;

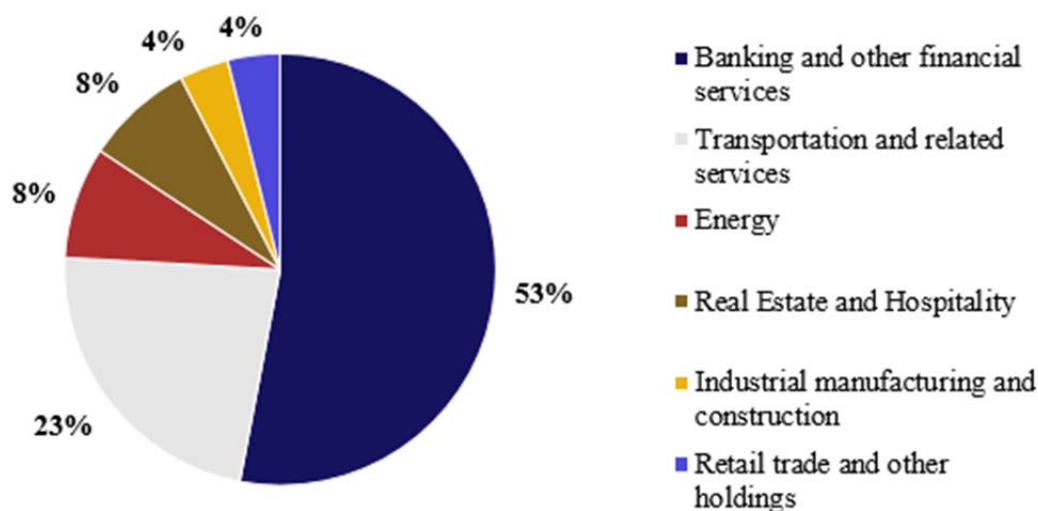
- *Assessment and support of portfolio privatisation initiatives:* ICD’s mandate extends to assessing monetisation opportunities of its portfolio companies and investments (in part or in full) through divestitures or disposals. In doing so, ICD regularly reviews portfolio performance and prevailing global, regional and sector-specific (as the case may be) market conditions in order to determine whether monetisation can yield any long-term economic benefits for Dubai;
- *Continued support of local, high growth businesses or opportunities, either through further consolidation of Government-seeded companies or by direct investment:* ICD’s portfolio of companies includes a number of internationally recognised market leaders in their respective industries (such as Emirates, EGA and Emaar) which were seeded by the Government and developed domestically over a number of years. ICD is well positioned, both financially and strategically, to continue to seek out and develop investment opportunities in Dubai and the UAE, in particular in high growth segments, that have the potential to become future market leaders; and
- *Efficient deployment of surplus liquidity:* ICD strives to ensure that any surplus liquidity received or held by it (sourced from dividends received from its portfolio companies or otherwise) at any given time is deployed efficiently to optimise its returns and to ensure the timely settlement of its obligations.

Sector Diversity

ICD currently maintains a diversified portfolio with investments in the following sectors, which are of strategic importance to Dubai (for further detail regarding ICD’s subsidiaries and other portfolio companies, see “– *Subsidiaries, Associates and Joint Ventures*”):

- *Banking and other financial services:* ICD’s exposure to the banking and other financial services sector includes its majority ownership interest in ENBD and Borse Dubai and significant ownership interests in DIB, CBD, NIG and MEFCO;
- *Transportation and related services:* ICD’s exposure to the transportation sector includes its 100 per cent. ownership of Emirates and dnata, 100 per cent. ownership of flydubai and a 80.5 per cent. ownership interest in DAE;
- *Energy:* ICD’s exposure to the energy sector is through ENOC and its subsidiaries;
- *Industrial manufacturing and construction:* ICD’s exposure to the industrial manufacturing sector includes its 50.0 per cent. ownership interest in EGA and DUCAB. ICD’s exposure to the construction sector consists of its 93.1 per cent. ownership interest in Ssangyong;
- *Real estate and hospitality:* ICD’s exposure to the real estate sector includes its 27.5 per cent. ownership interest in Emaar and 100 per cent. ownership of DWTC and Ithra. ICD’s exposure to the hospitality sector is through its subsidiary ICD H&L and other SPVs which hold hotel assets including Atlantis, the W Hotel in Washington (“**WDC**”), a 73.0 per cent. ownership interest in Mandarin Oriental New York (“**MONY**”), a 40.0 per cent. ownership interest in WBK and an approximately 69.5 per cent. ownership interest in KIHL; and
- *Retail trade and other holdings:* ICD’s exposure to the retail sector is primarily through its 100 per cent. ownership of DDF.

The following chart provides a breakdown by sector of ICD’s aggregated assets as at 30 June 2016.



The sectors in which ICD is currently invested are not fixed. In determining its ongoing investment strategy, ICD recognises the potential for sector diversification and actively pursues such opportunities. However, ICD also recognises the benefits, in terms of risk management and maximising portfolio synergies, of investing in sectors where it already has a strong presence and, accordingly, where it may have certain competitive advantages.

Geographic Focus

Reflecting the origins of ICD and the long-term strategic importance of its Dubai and UAE based assets and investments, the ICD portfolio is primarily concentrated in the UAE with the majority of ICD's aggregated assets represented by portfolio companies domiciled in the UAE as at 30 June 2016. However, since its inception, ICD has sought, and continues, to seek new investments internationally, illustrated by its acquisitions of a 1.7 per cent. ownership interest in Reliance Communications Limited, a 1.4 per cent. ownership interest in Dangote Cement plc ("**Dangote Cement**"), Nigeria's largest cement manufacturer and a 100 per cent. ownership of Adriatic Marinas d.o.o, which owns a landmark yacht marina and waterfront development in Montenegro. ICD's investment strategy is unrestricted by geography (see "*Planning and Investment Process*" below).

Planning and Investment Process

New Investments Criteria

In evaluating new investment opportunities, ICD's investment strategy is underpinned by three key pillars that determine the feasibility of potential investments, namely, that each opportunity:

- should provide either strategic benefits (such as where the relevant opportunity provides strategic synergies with ICD's existing portfolio or is in a sector or market considered to have long-term strategic growth potential) and/or diversification benefits;
- is considered on an entirely commercial basis and is appraised based on the viability of achieving an appropriate long-term risk-adjusted return; and
- is conducive to adequate capital preservation, either commercially or structurally.

ICD's mandate allows it to diversify its existing investments portfolio and deploy capital across any asset class, sector or geography that is aligned to the three key pillars described above. Based on regular assessments of prevailing global and regional economic and financial market conditions, and prospective views on asset class performance, ICD periodically reviews and, if appropriate, revises its capital deployment strategy for new investments (see "*Approval and Implementation*" below).

In practice, ICD is on the whole a long-term investor with a current focus on:

- development and acquisition of strategic commercial, residential and mixed-use real estate and hospitality projects both domestically , aligned to supporting DP 2021 (see “*ICD’s Role in Dubai’s Development Strategy – Dubai’s Development Strategy*” above) and internationally;
- providing strategic or growth capital to established businesses with dominant market positions and/or operating in fast growing markets; and
- investing in nascent or growth industries and geographies, directly or by way of joint ventures and partnerships alongside industry champions.

Within each of these focus areas, ICD seeks to maintain a balance between income generating assets and growth assets.

Approval and Implementation

The Board is responsible for setting the overall investment strategy for ICD, in a manner consistent with that outlined in its incorporating decree. From time to time, ICD’s Executive Committee (described further below) will make recommendations to, and seek approval from, the Board to establish guidelines governing asset and capital allocation. Such recommendations typically outline proposals relating to the strategic development of the ICD portfolio, target sectors, geographies, asset classes and new investments. The Executive Committee make such recommendations based on their comprehensive assessment of prevailing and prospective market conditions, utilising both internal and external advice (where necessary) and taking into consideration ICD’s overall funding and operating requirements, both short and long-term. The approved guidelines (having been subject to the Board’s review, consultation and, where applicable, revision), together with ICD’s key overriding ‘pillars’ governing new investments (see “– *New Investments Criteria*” above), provide a framework to support the successful deployment of capital, congruent with the overall strategic plan and objectives of ICD.

ICD’s management structure comprises two main committees, namely the Executive Committee and the Investment Management Committee. In addition, the Risk Management Committee monitors and oversees the development and implementation of the policies and procedures that form the risk framework within which investment strategies are set and in accordance with which investments are executed (see also “*Management – Committees*”).

The financial return required by ICD in considering an investment depends on a number of factors, including the amount of capital deployed, the industry sector and the level of risk associated with the investment.

Investment proposals considered by ICD are generated from multiple channels, being originated internally and by its subsidiaries or proposed to ICD by third parties (for example from the Government, joint venture partners and financial intermediaries). The process for assessing and, if applicable, executing proposed investments involves the following phases:

- *Initial Screening:* Opportunities are systematically evaluated against ICD’s strategy and financial and commercial investment criteria. Viable opportunities are approved for further review;
- *Preliminary Due Diligence:* Critical elements of the investment are defined (such as valuation, structure, financing, commercial prospects and risks) and an initial investment case is developed. Initial findings are summarised and reviewed by the Investment Management Committee, following which a decision is made to further commit to the investment process or otherwise;
- *Development:* In parallel with the appointment of advisors and the subsequent performance of due diligence (financial, legal and commercial), a detailed investment case business plan (including financing strategy) is developed, a risk assessment is performed and negotiations of indicative terms are commenced with the relevant counterparties;
- *Review and Approval:* Following the completion of detailed due diligence and the valuation review, and subject to successful negotiations with the relevant counterparties, presentations are made to the Executive Committee or the Board, (depending on the amount of funding required) by the sponsoring members of the investment team, outlining the investment case for the proposed opportunity (including key due diligence findings, target returns, exit strategy, post-acquisition management plan

and risk mitigation plan) for their consideration and approval. In practice, the review process may require several iterations, involving revisions to proposed deal terms;

- *Completion:* If the investment proposal is successful, final investment approval is given by the Executive Committee or the Board (depending on the amount of funding required) and the investment moves into the implementation phase, involving the finalisation of agreed terms with the relevant counterparties, followed by completion of the relevant legal formalities;
- *Operation:* Following completion, ICD monitors the investment's financial performance against the business model to ensure that expectations are being met. The business plan is updated on at least an annual basis, and key financial and non-financial metrics are updated quarterly and presented to management by way of a progress report; and
- *Exit:* While monitoring the performance of an investment, ICD may consider whether or not to exit the investment and, if so, the appropriate exit options and timing.

Once ICD has executed an investment, the degree of ongoing involvement will vary significantly depending on the nature and size of the investment. In all cases, the progress of the investment is monitored by ICD, for example, to determine if and when the approved parameters change materially, further investment becomes necessary or an exit is considered.

Subsidiaries, Associates and Joint Ventures

Significant Holdings

The following table sets out ICD's principal portfolio of listed companies as at 30 November 2016:

	<u>Year founded</u>	<u>Market capitalisation</u> (AED million) ⁽²⁾	<u>ICD's ownership</u> (%) ⁽¹⁾	<u>ICD ownership value</u> (AED million) ⁽²⁾
Emirates NBD PJSC.....	2007	44,907	55.8	25,040
Emaar Properties PJSC.....	1997	48,829	27.5	13,428
Dubai Islamic Bank PJSC.....	1975	25,897	27.9	7,228
Commercial Bank of Dubai PSC.....	1969	14,014	20.0	2,803
Union National Bank PJSC.....	1982	12,381	10.0	1,238
Dubai Investments PJSC.....	1995	9,152	11.5	1,056
National Bank of Fujairah PSC.....	1982	6,076	9.8	594
Total ⁽³⁾	—	161,257	—	51,387

Note:

(1) ICD ownership percentage as at 30 June 2016.

(2) These values reflect market capitalisation based on Dubai Financial Market/Abu Dhabi Securities Exchange quoted prices as at 30 November 2016.

(3) The total figure is not a consolidation of the Group in accordance with any accounting standards and is simply an aggregation of the individual figures which precede the total.

The following table sets out ICD's principal portfolio of unlisted companies as at 30 June 2016:

	<u>Year founded</u>	<u>Net equity</u> ⁽⁵⁾ (AED million)	<u>ICD's ownership</u> (%) ⁽¹⁾	<u>ICD ownership value</u> (AED million)
Emirates Group (including dnata) ⁽²⁾	1985 (Emirates), 1987 (dnata)	37,296	100	37,296
Dubal Holding LLC ⁽³⁾	1979	18,005	100	18,005
Emirates National Oil Company Limited (ENOC) LLC.....	1993	20,225	100	20,225
Borse Dubai Limited.....	2007	13,069	89.7	11,726
Dubai World Trade Centre Authority.....	1979	9,050	100	9,050
Dubai Duty Free Establishment.....	1983	7,495	100	7,495
Dubai Aerospace Enterprise (DAE) Limited.....	2006	5,853	80.5	4,714
Dubai Airport Free Zone Authority.....	1996	4,155	100	4,155
Dubai Silicon Oasis Authority.....	2005	3,445	100	3,445
ICD Hospitality and Leisure LLC.....	2013	2,681	100	2,681
Dubai Cable Company (Private) Limited.....	1979	2,004	50.0	1,002
Kerzner International Holdings Limited.....	2006	1,922	69.5	1,336
Emarat Technology Solutions FZ LLC.....	2003	1,033	100	1,033

	Year founded	Net equity⁽⁵⁾ (AED million)	ICD's ownership (%) ⁽¹⁾	ICD ownership value (AED million)
Dubai Aviation Corporation (trading as flydubai)	2008	746	100	746
Total⁽⁴⁾	—	126,981	—	122,908

Note:

- (1) ICD ownership percentage as at 30 June 2016.
- (2) These figures reflect the total equity attributable to owner based on audited financial statements for the financial year ended 31 March 2016.
- (3) Dubal Holding LLC maintains 50.0 per cent. ownership of Emirates Global Aluminium PJSC. Year founded refers to Dubai Aluminium, a predecessor of EGA.
- (4) The total figure is not a consolidation of the Group in accordance with any accounting standards and is simply an aggregation of the figures which precede the total.
- (5) Attributable to owner.

A description of ICD's key portfolio companies by sector is set out below.

Banking and Other Financial Services

The following is a summary of ICD's banking and other financial services portfolio:

	ICD ownership (%) ⁽¹⁾	Floated (Y/N)	Operating income (AED million) ⁽³⁾	Net profit (AED million) ⁽³⁾	Assets (AED million) ⁽³⁾
ENBD	55.8	Y	7,671	3,718	425,757
DIB	27.9	Y	3,356	2,004	172,032
UNB	10.0	Y	1,680	922	102,228
CBD	20.0	Y	1,195	486	61,363
NBF	9.8	Y	659	275	32,332
Borse Dubai ⁽²⁾	89.7	N	—	—	—
National Bonds ⁽²⁾	100	N	—	—	—
NIG ⁽²⁾	25.0	N	—	—	—
MEFCO ⁽²⁾	20.0	N	—	—	—

Note:

- (1) ICD ownership percentage as at 30 June 2016.
- (2) The company's financial statements are not available to the public.
- (3) For the six month period ended 30 June 2016 (source: company's published financial statements).

Emirates NBD PJSC

As at the date of this Base Prospectus, ENBD is the largest banking entity in the UAE across a range of metrics, including by shareholders' equity, deposits and loans. ENBD is also one of the largest banking entities in the GCC by assets. ENBD had total assets of AED 446.0 billion (U.S.\$121.4 billion), a loan portfolio (including Islamic finance receivables) of AED 289.2 billion (U.S.\$78.7 billion) and a capital adequacy ratio of 20.5 per cent. as at 30 September 2016 (source: ENBD's published financial statements and ENBD Q3 2016 Results Presentation, October 2016).

As at 30 June 2016, ENBD had AED 425.8 billion (U.S.\$115.9 billion) of total assets, a loan portfolio (including Islamic finance receivables) of AED 286.0 billion (U.S.\$77.9 billion), a profit for the six month period ended 30 June 2016 of AED 3.7 billion (U.S.\$1.0 billion) and declared a dividend during the period of AED 2.2 billion (U.S.\$0.6 billion). As at 31 December 2015, ENBD had AED 406.6 billion (U.S.\$110.6 billion) of total assets, a loan portfolio (including Islamic finance receivables) of AED 270.6 billion (U.S.\$73.6 billion), a profit for the year ended 31 December 2015 of AED 7.1 billion (U.S.\$1.9 billion) and declared a dividend during the year ended 31 December 2015 of AED 1.9 billion (U.S.\$0.5 billion). As at 31 December 2014, ENBD had AED 363.0 billion (U.S.\$98.8 billion) of total assets, a loan portfolio (including Islamic finance receivables) of AED 246.0 billion (U.S.\$67.0 billion), a profit for the year ended 31 December 2014 of AED 5.1 billion (U.S.\$1.4 billion) and declared a dividend during the year ended 31 December 2014 of AED 1.4 billion (U.S.\$0.4 billion) (source: ENBD's published financial statements). As at 31 December 2014 and 31 December 2015 and 30 June 2016, ENBD represented 50 per cent., 56 per cent. and 57 per cent. respectively of the total assets of the Group. For the years ended, 31 December 2014, 31 December 2015 and

the six month period ended 30 June 2016, ENBD contributed 23 per cent., 29 per cent. and 36 per cent., respectively, of the profit before tax from continuing operations of the Group.

ENBD (including through the operation of its operating subsidiaries) is one of the leading full service banks in the UAE and has branches or representative offices in the Kingdom of Saudi Arabia, Qatar, Iran, India, Singapore, Egypt, China and the United Kingdom. In addition, through its subsidiaries and associates, ENBD offers Islamic banking services, as well as investment banking, property management, asset management, insurance services, credit card facilities and other banking-related services. In October 2011, pursuant to the directions of H.H. The Ruler of Dubai, ENBD acquired a 100 per cent. stake in Dubai Bank. This acquisition was fully supported by the UAE Central Bank and the UAE Ministry of Finance. Following the acquisition, Dubai Bank became a fully-owned Islamic banking subsidiary of ENBD. In April 2012, Dubai Bank and another subsidiary of ENBD, Emirates Islamic Bank (“**EIB**”), announced that they had merged their management teams and established a unified executive committee to manage both banks. During 2012, Dubai Bank’s portfolio, customers and branches were migrated to EIB, and the rebranding of the Dubai Bank branches and ATMs to the EIB brand was completed by the end of 2012.

ENBD has a significant presence in the UAE retail, corporate and commercial banking markets with 220 branches and over 940 automatic teller machines (“**ATMs**”) and cash deposit machines spread across the UAE and overseas (source: <http://www.emiratesnbd.com/en/index.cfm/investor-relations/about-emirates-nbd/about-us/>). ENBD is a publicly listed company whose shares are listed on the DFM under the symbol EMIRATESNBD. As at the date of this Base Prospectus, ENBD has a long term rating of A+ and a short term rating of F1 from Fitch Ratings, Inc. (“**Fitch**”), and a long term rating of A3 and a short term rating of P-2 from Moody’s Investor Service Ltd (“**Moody’s**”).

Dubai Islamic Bank PJSC

DIB was the world’s first full service Islamic bank and, as at 30 September 2016, was the largest Islamic bank in the UAE by total assets and also ranks amongst the top four Islamic banks in the world by total assets (source: *DIB Investor Presentation for the period ended 30 September 2016*). DIB was established in Dubai on 12 March 1975, with the objective of providing banking and other financial services tailored to adhere to the principles of Islamic *Shari’a*. The core business areas of DIB and its consolidated subsidiaries and associates are retail and business banking, corporate banking, real estate and contracting finance, investment banking and treasury. DIB offers a wide range of *Shari’a*-compliant products and services to retail, corporate and institutional clients through a network of over 90 branches across the UAE as at 30 September 2016. As at 30 September 2016, DIB had AED 171.5 billion (U.S.\$46.7 billion) of total assets, a loan portfolio of AED 111.1 billion (U.S.\$30.3 billion) and a capital adequacy ratio of 18.2 per cent. (source: *DIB’s published financial statements and DIB Full Year 2015 Investor Presentation and DIB Investor Presentation for the period ended 30 September 2016*).

As at 30 June 2016, DIB had AED 172.0 billion (U.S.\$46.8 billion) of total assets, a loan portfolio of AED 108.9 billion (U.S.\$29.7 billion), a profit for the six month period ended 30 June 2016 of AED 2.0 billion (U.S.\$0.5 billion) and declared a dividend during the period of AED 1.8 billion (U.S.\$0.5 billion). As at 31 December 2015, DIB had AED 149.9 billion (U.S.\$40.8 billion) of total assets, a loan portfolio of AED 97.2 billion (U.S.\$26.5 billion), a profit for the year ended 31 December 2015 of AED 3.8 billion (U.S.\$1.0 billion) and declared a dividend during the year ended 31 December 2015 of AED 1.6 billion (U.S.\$0.4 billion). As at 31 December 2014, DIB had AED 123.9 billion (U.S.\$33.7 billion) of total assets, a loan portfolio of AED 74.0 billion (U.S.\$20.1 billion), a profit for the year ended 31 December 2014 of AED 2.8 billion (U.S.\$0.8 billion) and declared a dividend during the year ended 31 December 2014 of AED 1.0 billion (U.S.\$0.3 billion) (source: *DIB’s published financial statements*). DIB has its shares listed on the DFM under the symbol DIB. As at the date of this Base Prospectus, DIB has a long term rating of A from Fitch; and a long term rating of Baa1 and a short term rating of P-2 from Moody’s.

Union National Bank PJSC

Established in 1982, Union National Bank PJSC (“**UNB**”) offers a variety of products and services which cater to a range of clientele in both the retail and corporate sectors and has 72 branches across the UAE. As at 30 September 2016, UNB’s had AED 105.4 billion (U.S.\$28.7 billion) of total assets, a loan portfolio of AED 73.6 billion (U.S.\$20.0 billion) and a capital adequacy ratio of 18.6 per cent. (source: *UNB September 2016 Investor Presentation*). As at 31 December 2015, UNB had AED 101.9 billion (U.S.\$27.7 billion) of total

assets, a loan portfolio of AED 68.4 billion (U.S.\$18.6 billion) and profit for year ended 31 December 2015 of AED 1.9 billion (U.S.\$0.5 billion). As at 31 December 2014, UNB had AED 93.5 billion (U.S.\$25.4 billion) of total assets, a loan portfolio of AED 64.1 billion (U.S.\$17.4 billion) and profit for year ended 31 December 2014 of AED 2.0 billion (U.S.\$0.6 billion) (*source: UNB's published financial statements*). The bank's shares are listed on the Abu Dhabi Securities Exchange under the symbol UNB. As at the date of this Base Prospectus, UNB has a long term rating of A+ and a short term rating of F1 from Fitch; and a long term rating of A1 and a short term rating of P-1 by Moody's.

Commercial Bank of Dubai PSC

CBD was established in 1969 as a joint venture between Commerzbank, Chase Manhattan Bank and Commercial Bank of Kuwait. CBD provides retail and commercial banking services such as current and savings accounts, personal loans, credit cards, investment banking services including investment advisory and asset management services including wealth management. The bank currently has over 26 branches throughout the UAE (*source: <https://www.cbd.ae/corporate/about-cbd/media-centre/press-room/2016/09/27/cbd-expands-uae-network-with-two-new-branches>*). As at 30 September 2016, CBD had AED 62.2 billion (U.S.\$16.9 billion) of total assets, a loan portfolio of AED 41.3 billion (U.S.\$11.2 billion) and a capital adequacy ratio of 16.5 per cent. (*source: CBD's published financial statements and CBD September 2016 Investor Presentation*). As at 31 December 2015, CBD had AED 57.9 billion (U.S.\$15.8 billion) of total assets, a loan portfolio of AED 39.0 billion (U.S.\$ 10.6 billion) and profit for the year ended 31 December 2015 of AED 1.1 billion (U.S.\$0.3 billion). As at 31 December 2014, CBD had AED 46.9 billion (U.S.\$12.8 billion) of total assets, a loan portfolio of AED 31.8 billion (U.S.\$8.6 billion) and profit for the year ended 31 December 2014 of AED 1.2 billion (U.S.\$0.3 billion) (*source: CBD's published financial statements*). The bank has its shares listed on the DFM under the symbol CBD. As at the date of this Base Prospectus, CBD has a long term rating of A- and a short term rating of F2 from Fitch; and a long term rating of Baa1 and a short term rating of P-2 by Moody's.

National Bank of Fujairah PJSC

The UAE-based National Bank of Fujairah ("NBF") was established by the Government of Fujairah. NBF offers corporate banking, trade finance, retail banking, small business financing and investment services such as wealth management and securities trading. NBF has 15 branches across the UAE (*source: <https://nbf.ae/en/media-centre/factsheet>*). As at 30 September 2016, NBF had AED 33.0 billion (U.S.\$9.0 billion) of total assets, a loan portfolio of AED 21.9 billion (U.S.\$6.0 billion) and a capital adequacy ratio of 18.0 per cent. (*source: NBF September 2016 Financial Statements*). As at 31 December 2015, NBF had AED 30.0 billion (U.S.\$8.2 billion) of total assets, a loan portfolio of AED 19.7 billion (U.S.\$5.4 billion) and profit for the year ended 31 December 2015 of AED 0.6 billion (U.S.\$0.2 billion). As at 31 December 2014, NBF had AED 24.6 billion (U.S.\$6.7 billion) of total assets, a loan portfolio of AED 16.3 billion (U.S.\$4.4 billion) and profit for the year ended 31 December 2014 of AED 0.5 billion (U.S.\$0.1 billion) (*source: NBF's published financial statements*). The bank has its shares listed on the ADX under the symbol NBF. As at the date of this Base Prospectus, NBF has a long-term rating of BBB+ and a short-term rating of A-2 from S&P, and a long-term debt rating of Baa1 and a short-term rating of P-2 from Moody's.

Borse Dubai Limited

Borse Dubai is the holding company for the DFM and Nasdaq Dubai Limited. Borse Dubai was incorporated in August 2007 to consolidate the Government's two stock exchanges and investments in other exchanges and to expand Dubai's position as a global capital markets hub. Borse Dubai maintains a 79.7 per cent. ownership stake in the DFM and a 86.4 per cent. ownership stake in Nasdaq Dubai Limited. The market capitalisation of the DFM as of 30 November 2016 was AED 9.1 billion (U.S.\$2.5 billion). In addition to these subsidiaries, Borse Dubai is the owner of a stake of 18.1 per cent. in Nasdaq, Inc. that had a market capitalisation of U.S.\$10.6 billion as at 30 November 2016.

National Bonds Corporation PJSC

National Bonds is a Dubai based financial institution providing Islamic saving schemes to UAE nationals, residents and non-residents. National Bonds offers wealth accumulation through an all-in-one *Shari'a* compliant *Mudaraba* based saving scheme, the first of its kind in the world. National Bonds is a private joint

stock shareholding company, established in March 2006 with a paid-up capital of AED 150 million. It is licensed and regulated by the UAE Central Bank.

Noor Investment Group LLC

Headquartered in Dubai, NIG is a holding company that manages its subsidiaries which are principally involved in the provision of investment solutions in the sectors of consumer, corporate and investment banking, wealth management, treasury, private equity, financial advisory and *takaful* (Islamic insurance) services. NIG has the following significant subsidiaries: Noor Bank PJSC (“NB”), which provides Islamic commercial banking services; and Noor Takaful Family PJSC and Noor Takaful General PJSC, both of which provide *Shari’a* compliant insurance services and are jointly owned by NIG and NB.

NB, established in 2008 in Dubai, is a full service Islamic bank currently with 13 branches across the UAE (source: <http://www.noorbank.com/english/branches-and-atms>). NB’s products and services are governed by a *Shari’a* board, comprising leading Islamic scholars with extensive experience and expertise in legal, financial and banking matters.

HSBC Middle East Finance Company

MEFCO was established in 1969 to provide vehicle and asset finance to residents of UAE. MEFCO also provides vehicle finance and loans for heavy duty equipment, construction plant and machinery and fleet finance for corporates. Headquartered in Dubai, the company has offices across the UAE in Dubai, Abu Dhabi, Al Ain and Ras Al Khaimah.

Transportation and Related Services

The following is a summary of ICD’s transportation sector portfolio:

	ICD ownership	Floated	Revenue	Net profit⁽⁵⁾	Assets
	(%) ⁽¹⁾	(Y/N)	(AED million)	(AED million)	(AED million)
Emirates ⁽²⁾	100	N	83,500	7,125	119,179
dnata ⁽²⁾	100	N	10,422	1,054	10,978
flydubai ⁽³⁾	100	N	4,620	101	4,959
DAE ⁽⁴⁾	80.5	N	—	—	—

Note:

- (1) ICD ownership percentage as at 30 June 2016.
- (2) For the financial year ended 31 March 2016 (source: company’s published financial statements).
- (3) For the financial year ended 31 December 2015 (source: company’s published financial statements).
- (4) The company’s financial statements are not available to the public.
- (5) Net profit attributable to owners.

Emirates

Emirates is one of the world’s largest international airlines having grown from a fleet of two aircraft in 1985 to 251 aircraft as at 30 September 2016. As at 30 September 2016, Emirates flew to 155 destinations in 82 countries, on six continents and it transported 51.9 million passengers during the financial year ended 31 March 2016 (source: *Emirates Group press release announcing half-year results for 2016-17 and Emirates Group Annual Report 2015-16*). Since October 2008, Emirates has had its own dedicated terminal at DIA, Terminal 3, which is capable of accommodating Airbus A380 aircraft. Emirates operates one of the youngest fleets of aircraft in the world with the average age of the fleet standing at 74 months during the same period, in comparison to a global industry average of around 140 months, according to the International Air Transport Association (“IATA”) (source: *IATA World Air Transport Statistics Report, 58th edition*).

According to IATA, in 2015, Emirates was ranked fourth in the world in terms of passenger flights measured in revenue passenger kilometres and ranked second in terms of freight transported measured in freight tonne kilometres (source: *IATA World Air Transport Statistics Report, 60th edition*).

Emirates has reported its 28th consecutive year of net profits (as per its financial year ended 31 March 2016). Emirates’ net profit attributable to owner for the financial year ended 31 March 2016 was AED 7.1 billion (U.S.\$1.9 billion) on revenues of AED 83.5 billion (U.S.\$22.7 billion) with a declared dividend during the

year of AED 2.1 billion (U.S.\$0.6 billion). Emirates net profit attributable to owner for the financial year ended 31 March 2015 was AED 4.6 billion (U.S.\$1.2 billion) on revenues of AED 86.7 billion (U.S.\$23.6 billion) with a declared dividend during the year of AED 2.2 billion (U.S.\$0.6 billion) and its net profit attributable to owner for the financial year ended 31 March 2014 was AED 3.3 billion (U.S.\$0.9 billion) on revenues of AED 80.7 billion (U.S.\$22.0 billion) with a declared dividend during the year of AED 0.8 billion (U.S.\$0.2 billion) (*source: Emirates Group Annual Report 2015-2016 and 2014-2015*). Emirates' net profit attributable to owner for the six month period ended 30 September 2016 was AED 0.8 billion (U.S.\$0.2 billion) on revenues of AED 41.9 billion (U.S.\$11.4 billion) (*source: Emirates Group press release announcing half-year results for 2016-17*).

Emirates' operation of its long-haul services through a single hub at DIA, combined with its network of passenger destinations and high frequency of flights allows it to maximise connectivity around the globe. Given that around four billion people live within an eight hour flight from Dubai, the location of Emirates' hub at DIA provides it with the significant additional advantage that non-stop flights can be made to all major destinations across the globe. Like ICD, Emirates' strategy is closely aligned with the strategic development objectives of the Government as set out in the DP 2021 (see "*Overview of the United Arab Emirates and the Emirate of Dubai – Strategy of Dubai*"). Emirates' key competitive strengths lie in its product positioning, geographical position (which facilitates the connectivity of its flights around the world), access to underserved markets, cost structure, higher operating efficiency, passenger traffic mix and focus on cargo traffic, independence from global alliances, premium brand, young and efficient fleet, financial strength and flexible funding sources and experienced management team. Emirates is not a member of any global airline alliance, although it enters into codeshare and interline arrangements with other airlines including, among others, flydubai and Qantas.

Emirates is the flagship company in the Emirates Group portfolio, which includes, among others, dnata (a supplier of air travel services – see “– dnata” below), Emirates SkyCargo, Emirates Hotels and Resorts, Skywards and Emirates Aviation College. The Emirates Group's principal business is the transportation by air of both passengers and cargo and this business accounted for more than 90.0 per cent. of the Emirates Group's total revenue in each of the three financial years ended 31 March 2016, 2015 and 2014. The Emirates Group also provides destination and leisure management services and generates revenues through the sale of consumer goods, food and beverages and the provision of in-flight catering services to third parties. Any reference in this Base Prospectus to the “**Emirates Group**” is a reference to Emirates, its consolidated subsidiaries and dnata (together with its consolidated subsidiaries). dnata is a separate legal entity from Emirates, although it is under common ownership and operates under a common management structure. dnata's financial results are not consolidated with those of Emirates. In total there are more than 50 business units within the Emirates Group, which employs more than 103,000 people (*source: <http://www.emirates.com/media-centre/emirates-group-announces-half-year-performance-for-2016-17>*).

dnata

dnata was incorporated in Dubai under a decree issued by H.H. Sheikh Maktoum bin Rashid Al-Maktoum on 4 April 1987. On that date, the total assets and liabilities of Dubai National Air Travel Agency were transferred to dnata, with effect from 1 April 1987, for nil consideration. The main activities of dnata comprise:

- the provision of aircraft handling and engineering services;
- the provision of handling services for export and import cargo;
- in-flight catering services;
- information technology services;
- representing airlines as their general sales agent; and
- travel agency and other travel related services.

As such, dnata has benefited from the historic expansions of Emirates' and DIA's operations. dnata is the largest supplier of air travel services in the Middle East and the sole ground handling agent at DIA.

For the financial year ended 31 March 2016, dnata and its consolidated subsidiaries reported a net profit attributable to owners for the year of AED 1.1 billion (U.S.\$0.3 billion) on revenues of AED 10.4 billion (U.S.\$2.8 billion) with a declared dividend during the year of AED 0.4 billion (U.S.\$0.1 billion). Dnata's net profit attributable to owners for the financial year ended 31 March 2015 was AED 0.9 billion (U.S.\$0.2 billion) on revenues of AED 8.7 billion (U.S.\$2.4 billion) with a declared dividend during the year of AED 0.4 billion (U.S.\$0.1 billion) and its net profit attributable to owners for the financial year ended 31 March 2014 was AED 0.8 billion (U.S.\$0.2 billion) on revenues of AED 7.4 billion (U.S.\$2.0 billion) with a declared dividend during the year of AED 0.2 billion (U.S.\$0.1 billion) (*source: Emirates Group Annual Report 2015-2016 and 2014-2015*). For the six month period ended 30 September 2016, dnata and its consolidated subsidiaries reported a net profit attributable to owners of AED 0.5 billion (U.S.\$0.2 billion) on revenues of AED 6.0 billion (U.S.\$1.6 billion) (*source: Emirates Group press release announcing half-year results for 2016-17*).

Dubai Aerospace Enterprise (DAE) Limited

DAE was established in 2006 and is headquartered in Dubai. DAE operates an aircraft leasing business through DAE Capital. DAE Capital's fleet is currently comprised of a combination of 84 single aisle and wide-body aircraft. (*source: <http://www.daecapital.com/en/aboutus/overview.html>*).

Dubai Aviation Corporation (trading as flydubai)

Dubai Aviation Corporation was incorporated as a public corporation in Dubai on 7 July 2008 by *Dubai Law No. 11 of 2008*, issued by H.H. The Ruler of Dubai. Dubai Aviation Corporation operates under the name 'flydubai' as a low-cost airline which offers a more affordable option for travellers with destinations few other airlines fly to, generally within approximately five hours from Dubai. On 10 August 2015, H.H. The Ruler of Dubai issued *Law No. 24 of 2015 Transferring the Ownership of the Dubai Aviation Corporation to the Investment Corporation of Dubai*, which transferred ownership of flydubai to ICD.

flydubai is a fast-growing airline that has one of the youngest fleets of aircraft in the world. As at the date of this Base Prospectus, flydubai operated a fleet of more than 45 Boeing 737-800 Next-Generation narrow-body aircraft, which have a range of up to 5,765km. As at 31 December 2015, the fleet flew to more than 90 destinations across 44 countries from flydubai's hub at DIA Terminal 2 (*source: <https://www.flydubai.com/en/information/about-flydubai/company-info>*). For the six month period ended 30 June 2016, flydubai reported a net loss of AED 0.1 billion (U.S.\$0.03 billion) on revenues of AED 2.3 billion (U.S.\$0.6 billion). For the year ended 31 December 2015, flydubai reported a net profit of AED 0.1 billion (U.S.\$0.03 billion) on revenues of AED 4.9 billion (U.S.\$1.3 billion) (*source: company's published financial statements*).

Energy

ICD's energy sector portfolio consists solely of ENOC, which is 100 per cent. owned by ICD as at the date of this Base Prospectus.

Emirates National Oil Company Limited (ENOC) LLC

ENOC was established in 1993 and is a provider of upstream exploration and downstream refining. It is also involved in the development, production, chemical storage and marketing of petroleum and petrochemical products. As at the date of this Base Prospectus, ENOC had a refinery capacity of 120,000 barrels of oil per day (*source: <http://www.enoc.com/EN/PerSer/ProductDetails/default.aspx?ContentID=5ce45d66-ebb5-436c-ada1-786a9985e9ef>*).

ENOC directly and indirectly owns more than 20 subsidiaries including the Emirates Petroleum Products Company (EPPCO) LLC ("**EPPCO**"), which operates across a variety of sectors including petroleum retailing, aviation refuelling and lubricants manufacturing and Dubai Natural Gas Limited, an exporter of liquid natural gas products to world markets. ENOC also owns Horizon Terminals Limited that operates bulk liquid terminaling facilities in Dubai and Fujairah in the UAE, Saudi Arabia, Singapore, South Korea, Djibouti and Morocco.

In September 2015, ENOC completed its acquisition of 100 per cent. ownership of Dragon Oil plc, an upstream oil and gas exploration and production company whose principal producing asset is located in the eastern section of the Caspian Sea, offshore of Turkmenistan.

Additionally, ENOC's services include real estate and retail through its network of over 110 ENOC and EPPCO service stations across Dubai and the Northern Emirates that offer fuel retailing, convenience stores, car wash and automotive service facilities (source: <http://www.enoc.com/EN/OURCOMPANIES/CompDetails/default.aspx?ContentID=9523221a-a5dc-456d-8c07-9f423090d6c1>).

Industrial Manufacturing and Construction

The following is a summary of ICD's industrial and construction sector portfolio:

	ICD ownership	Floated	Revenue	Net profit⁽⁶⁾	Assets
	(%) ⁽¹⁾	(Y/N)	(AED million) ⁽⁴⁾	(AED million) ⁽⁴⁾	(AED million) ⁽⁴⁾
Dubal Holding LLC ^(2,3)	100	N	—	—	—
DUCAB ⁽²⁾	50.0	N	—	—	—
Dubai Investments PJSC.....	11.5	Y	1,372	516	15,700
Dangote Cement ⁽⁵⁾	1.4	Y	3,799	1,345	17,829
Ssangyong ⁽²⁾	93.1	N	—	—	—

Note:

- (1) ICD ownership percentage as at 30 June 2016.
- (2) The company's financial statements are not available to the public.
- (3) Dubal Holding LLC maintains 50.0 per cent. ownership of Emirates Global Aluminium PJSC.
- (4) For the six month period ended 30 June 2016 (source: company's published financial statements).
- (5) Converted from Nigerian Naira at the rate of NGN 76.91 / AED 1 as at 30 June 2016.
- (6) Attributable to owner.

Emirates Global Aluminium

In June 2013, ICD and Mubadala united the operations of DUBAL and EMAL, under a newly created jointly-owned holding company, EGA. EGA was incorporated on 27 March 2014 and commenced operations on 7 April 2014, with ICD and Mubadala each holding (indirectly) 50.0 per cent. of the shares in EGA. This agreement builds on the successful partnership that began with the formation of EMAL in 2006, a joint venture between Mubadala and DUBAL.

EGA's principal assets are the aluminium smelter companies, EMAL and DUBAL, and Guinea Alumina Corporation, Ltd. (GAC), a bauxite mining and alumina refining development project in the Republic of Guinea. EGA serves over 350 customers in 68 countries and ranks among the five largest primary aluminium producers in the world, with a production capacity of 2.4 million tonnes of aluminium per year (source: <http://www.ega.ae/en/sales-marketing/key-markets/>, <http://www.ega.ae/en/who-we-are/corporate-profile/>).

DUBAL produces aluminium and operates one of the largest single-site smelting facilities in the world, built on a 475-hectare site in Jebel Ali, comprising a 1.0 million tonnes per annum smelter, a 2,350 megawatt power station, a large carbon plant, extensive casting operations (more than 1.2 million tonnes per annum), a water desalination plant, dock and other facilities.

EMAL is an aluminium producer operating a six square kilometre site in Al Taweelah, Abu Dhabi, comprising a 1.3 million tonnes per annum smelter, a 3,100 megawatt power station, a large carbon plant, extensive casting operations (more than 1.8 million tonnes per annum), a water desalination plant, dock and other facilities (source: <http://www.ega.ae/en/operations/smelters/emal/history/>). EGA is also constructing a 2.0 million tonnes per annum smelter grade alumina refinery called Al Taweelah Alumina that is adjacent to the EMAL smelter facility (source: <http://www.ega.ae/en/who-we-are/corporate-profile/>).

Dubai Cable Company (Private) Ltd

DUCAB is a joint venture between ICD and General Holding Corporation of Abu Dhabi ("Senaat") and manufactures high, medium and low voltage power cables, components and accessories for a range of industrial applications throughout the world with its strongest markets being the UAE, Saudi Arabia, Qatar,

Kuwait, Oman and Bahrain. With five manufacturing facilities in Dubai and Abu Dhabi (*source: www.ducab.ae/mfg_facilities.asp*), DUCAB manufactures over 110,000 tonnes per annum of high, medium and low voltage power cables, components and accessories (*source: www.ducab.ae/about_ducab.asp*). DUCAB has supplied cables for high profile projects such as the Burj Khalifa, Dubai Metro and Palm Jumeirah. DUCAB has entered into a joint venture with the Dubai Electricity and Water Authority and the Abu Dhabi Water and Electricity Authority, known as DUCAB-HV, which manufactures high voltage cables from a dedicated facility. DUCAB has also entered into a joint venture with Senaat known as the Ducab Aluminium Company to develop a 50,000 tonnes per annum aluminium rod mill (*source: www.ducab.ae/mfg_facilities.asp*).

Dubai Investments PJSC

Dubai Investments PJSC is a holding investment company that invests in existing and start-up companies and projects across three core sectors – real estate, manufacturing and industrial and financial investments across the UAE and the Middle East (*source: http://ir.dubaiinvestments.com/*). DIC operates through a number of divisions and subsidiaries including Dubai Investments Park, Dubai Investments Industries, Masharie LLC, Dubai Investments Real Estate Company, Glass LLC and Al Taif Investment. DIC has its shares listed on the DFM under the symbol DIC (*source: www.dubaiinvestments.com/en/SitePages/di_at_a_glance.aspx*).

Dangote Cement plc

In September 2014, ICD purchased a 1.4 per cent. interest in Nigeria’s largest cement manufacturer, Dangote Cement, from majority shareholder, Dangote Industries Limited. Dangote Cement is listed on the Nigeria Stock Exchange and forms part of the Dangote Group, a diversified conglomerate of African businesses. The transaction represented ICD’s first substantial investment in Africa, in line with its strategic goal of pursuing diversification.

Ssangyong Engineering & Construction Co., Ltd.

In March 2015, ICD acquired a controlling interest (currently 93.1 per cent.) in South Korean construction company Ssangyong. Ssangyong has a long history of participating in construction projects in the Middle East and is currently involved in various construction projects across the UAE, Saudi Arabia and Iraq and is best known for being the main contractor for the Marina Bay Sands hotel construction project in Singapore and one of the main contractors for the construction of the Emirates Towers hotel in Dubai.

Real Estate and Hospitality

The following is a summary of ICD’s real estate and hospitality portfolio:

	ICD ownership	Floated	Revenue	Net profit	Assets
	(%) ⁽¹⁾	(Y/N)	(AED million) ⁽³⁾	(AED million) ⁽³⁾	(AED million) ⁽³⁾
Emaar.....	27.5	Y	7,257	2,692	95,736
DWTC ⁽²⁾	100	N	—	—	—
ICD H&L ⁽²⁾	100	N	—	—	—
ICD Brookfield ⁽²⁾	50.0	N	—	—	—
KIHL ⁽²⁾	69.5	N	—	—	—
Ithra ⁽²⁾	100	N	—	—	—

Note:

- (1) ICD ownership percentage as at 30 June 2016.
- (2) The company’s financial statements are not available to the public.
- (3) For the six month period ended 30 June 2016 (*source: company’s published financial statements*).

Emaar Properties PJSC

Emaar is a Dubai based company engaged in property investment and development, property management services, education, healthcare, retail and hospitality sectors, as well as investing in financial service providers. It is the largest publicly-listed property developer in the MENA region measured by market capitalisation. For the three month period ended 30 September 2016, Emaar generated revenues of AED 3.8 billion (U.S.\$1.0 billion) and profit of AED 1.4 billion (U.S.\$0.4 billion) (*source: Emaar’s published*

financial statements and Emaar Third Quarter 2016 Investor Presentation) with a declared dividend during the year of AED 1.1 billion (U.S.\$0.3 billion). For the year ended 31 December 2015, Emaar generated revenues of AED 13.7 billion (U.S.\$3.7 billion) and profit of AED 4.6 billion (U.S.\$1.2 billion) with a declared dividend during the year of AED 1.1 billion (U.S.\$0.3 billion). For the year ended 31 December 2014, Emaar generated revenues of AED 9.9 billion (U.S.\$2.7 billion) and profit of AED 3.7 billion (U.S.\$1.0 billion) with a declared dividend during the year of AED 10.0 billion (U.S.\$2.7 billion) (*source: Emaar's published financial statements*).

Emaar specialises in creating master-planned communities (including the “Old Town” and high rise developments, centred around the Burj Khalifa in Dubai). As at 30 September 2016, Emaar owned 14 hotels and resorts and had delivered approximately 40,800 residential units since 2001. Emaar also developed the tallest building in the world, the Burj Khalifa. Emaar operates domestically in the UAE and regionally with a focus on faster growing markets. Operating across five business segments Emaar has a collective presence in markets spanning the Middle East, North Africa, Asia, Europe and North America regions. Emaar has established operations in the UAE, Saudi Arabia, Lebanon, Egypt, Morocco, India, Pakistan, Turkey, USA and Canada. In addition to its property development business, Emaar is developing operations in hospitality and leisure, malls, education, healthcare and other business segments (*source: Emaar Corporate Presentation, August 2016*). Emaar is listed on the DFM under the symbol EMAAR. As at the date of this Base Prospectus, Emaar has long-term ratings of Baa3 from Moody's and BBB- from S&P.

Dubai World Trade Centre Authority

DWTC promotes and manages a range of venues and events and provides media and advertising services. DWTC's facilities comprise the Dubai International Convention and Exhibition Centre, the Convention Tower office building, on-site accommodation at the Novotel and Ibis hotels and serviced accommodation at The Apartments. DWTC operates the Middle East region's largest convention and exhibition venue encompassing more than one million square feet of multi-purpose events space. DWTC hosts more than 500 events and welcomes more than 2.74 million visitors every year (*source: <http://www.dwtc.com/en/complex/pages/default>*). In 2015, pursuant to *Law No. 9 of 2015 Concerning the Dubai World Trade Centre*, the Dubai World Trade Centre became a free zone and DWTC (which became known as Dubai World Trade Centre Authority) became the regulator of this free zone.

ICD Hospitality and Leisure LLC

ICD established its hospitality subsidiary, ICD H&L to hold its hospitality assets. Following the acquisition of the Atlantis in 2014, ICD acquired a 73.0 per cent. stake in MONY in 2015. In 2015, ICD also acquired the WDC, an approximately 55.5 per cent. stake in One & Only Cape Town (“OOCT”) and an 80.0 per cent. stake in WBK. The Atlantis and WDC were transferred to ICD H&L as of the year ended 31 December 2015. In May 2016, ICD's stake in WBK was sold to a joint venture in which ICD ultimately owns 50.0 per cent.

Atlantis is a 5-star aquatic themed resort property that includes 1,539 rooms, a 17 hectare Aquaventure Waterpark, The Lost Chambers Aquarium, a 700 metre beach and 23 restaurants and lounges located on the crescent of Palm Jumeirah, Dubai. MONY is a luxury hotel with 198 guest rooms and 46 suites. Located at the top of the Time Warner Center at Columbus Circle in New York City, MONY overlooks Central Park and offers dining, leisure, spa and events facilities. WDC is a building originally constructed in 1917, renovated into a luxury hotel with 317 rooms and located adjacent to, and offering views of, the White House and the Washington Monument. WBK comprises 403 contemporary luxury rooms and is located along the North Sathorn Road in Bangkok's prestigious Embassy Row and commercial district. WBK is complimented by the House of Sathorn, a 127-year-old colonial mansion and historic site that has been converted into a specialty restaurant and gathering space located adjacent to the hotel. OOCT is a 131 room luxury hotel that is located at the centre of the Victoria and Alfred Waterfront development overlooking a marina with panoramic views of Table Mountain. The property includes a luxury spa located on a 1,000 square metre private island situated in the middle of the resort and world-class dining from celebrity chefs.

In October 2015, the development of Royal Atlantis Resorts and Residences, The Palm (the “**Royal Atlantis**”) project commenced, comprising 795 hotels rooms, 231 luxury branded residential units, multiple food and beverage and leisure offerings. The Royal Atlantis development is being managed by a dedicated development team, supervised by Ithra Dubai and ICD H&L, and is scheduled to be completed in 2019. The Royal Atlantis, like Atlantis, will be operated by KIHIL.

Kerzner International Holdings Limited

In June 2015, ICD increased its stake in KIHHL from 45.1 per cent. to 69.5 per cent. KIHHL is a leading international developer and operator of destination resorts and luxury hotels and owns the renowned brands One&Only, Mazagan and Atlantis. KIHHL currently operates three resorts in Dubai, as well as resorts in The Bahamas, Australia, Mauritius, The Maldives, Mexico and South Africa. One&Only is an international luxury hotel brand operating resorts in various global locations.

Ithra Dubai LLC

In September 2015, ICD established a real estate and development subsidiary, Ithra. Ithra will develop and manage, among other developments, the Deira Waterfront (“**DWF**”) and One Za’abeel development project. DWF is a real estate development stretching more than four kilometres between Dubai Creek and Hamriya Port. The DWF development project will include approximately eight hotels, residential and commercial towers, the Waterfront Market and multiple food and beverage and leisure offerings. One Za’abeel comprises two slender towers rising to 305 metres and 240 metres from a site located between the World Trade Centre and Za’abeel Park, with a 210-metre panoramic sky concourse connecting the two towers, positioning One Za’abeel to be an iconic building in Dubai. This flagship development will house a comprehensive mix of Grade A offices and luxury residences with multiple hospitality and retail offerings. Ithra’s developments with respect to the hospitality and leisure section are supported by ICD H&L.

Mr. Issam Galadari serves as the Executive Director and Chief Executive Officer of Ithra. Mr. Galadari has over 28 years of experience in the construction and development industry, over 19 years of which in senior leadership and management positions, including in Emaar and Dubai Municipality. Mr. Galadari was instrumental in some of the major developments in Dubai including Burj Khalifa and Downtown Dubai (comprising Dubai Mall and Address hotels), Arabian Ranches, Emirates Living, Dubai Marina and various international projects of Emaar. Mr. Galadari’s previous roles include CEO of Emaar, Managing Director of Emaar Bawadi, Managing Director of Emaar International (focusing on Middle East and North Africa) and Head of General Projects at Dubai Municipality.

In addition to being the Executive Director and CEO of Ithra, Mr. Galadari currently sits on the boards of directors of organisations including, among others, KIHHL, Amlak Finance PJSC and the Royal Atlantis companies.

ICD Brookfield

In 2012, ICD formed a joint venture with Brookfield Asset Management Inc. (“**Brookfield**”), a leading global alternative asset manager with over U.S.\$225 billion of assets under management as of 31 December 2015, for the establishment of a real estate fund in the Dubai International Financial Centre (“**DIFC**”). ICD and Brookfield mutually reached an agreement to postpone the establishment of the fund, opting to form a new joint venture between ICD and Brookfield Property Partners LP (the joint venture “**ICD Brookfield**”) in 2016 for the development of ICD Brookfield Place, a 53 storey office tower and podium located on a 4-acre site in the DIFC. ICD Brookfield Place will offer over 900,000 square feet of highly functional, column-free work space, complemented by over 130,000 square feet of retail and food and beverage space.

Retail Trade and Other Holdings

The following is a summary of ICD's portfolio in retail trade and other holdings:

	ICD ownership	Floated	Revenue	Net profit	Assets
	(%) ⁽¹⁾	(Y/N)	(AED million)	(AED million)	(AED million)
DDF ⁽²⁾	100	N	—	—	—
DAFZA ⁽²⁾	100	N	—	—	—
DSO ⁽²⁾	100	N	—	—	—
Emaratech ⁽²⁾	100	N	—	—	—
D-Clear ⁽²⁾	100	N	—	—	—
Galadari Bros ⁽²⁾	37.9	N	—	—	—
Aswaaq ⁽²⁾	99.0	N	—	—	—

Note:

(1) ICD ownership percentage as at 30 June 2016.

(2) The company's financial statements are not available to the public.

Dubai Duty Free Corporation

DDF is the sole and exclusive duty free operator for Dubai Airports (the operator and manager of both DIA and Al Maktoum International Airport at Dubai World Central ("AMIA") and wholly owned by the Government) at the departure and arrivals areas of all terminals. Established in 1983, DDF has grown to become the largest single airport retail operation in the world, with annual sales turnover of AED 7.1 billion (U.S.\$1.9 billion) in 2015. DDF offers a wide range of products in a modern shopping environment. With the opening of Concourse D in February 2016, DDF operates 34,000 square metres of retail space in DIA and 2,500 square metres of retail space in AMIA. DDF's management consists of an experienced team that has been continuously modernising the company since its establishment. (source: www.dubaidutyfree.com/about/about_ddf).

Dubai Airport Freezone Authority

DAFZA was established in 1996 within the boundaries of DIA. DAFZA is home to over 1,600 companies from across the globe covering a vast number of key industry sectors, including aviation, freight and logistics, IT and telecommunications, pharmaceuticals, engineering, food and beverages, jewellery and cosmetics (source: <http://www.dafz.ae/en/MediaCenter/NewsLetters/Freezone%20Insights%20-%20Q3%202015%20Issue/about-dafza.html>). DAFZA provides access to 24-hour logistics services, business operation facilities and a number of government services which facilitate the establishment and serve the needs of businesses. International investors benefit from tax and investment incentives, such as 100 per cent. tax exemption and 100 per cent. foreign ownership.

Dubai Silicon Oasis Authority

DSO was established in 2005 with the mission to facilitate and promote modern technology based industries, thus supporting the region's demand for business expansion. DSO is a free zone authority which primarily caters to the technology sector and supporting companies and provides free trade zone incentives and benefits to companies operating within its free zone.

DSO offers a range of facilities to businesses operating within the approximately seven million square metre technology park with high quality infrastructure, systems and equipment. Facilities include offices, multiple-use warehousing, manufacturing land for development and conference facilities.

Emaratech (emarat technology solutions) FZ-LLC

Emaratech is a technology and consulting company that provides high end market strategies, outsourced technology and advanced business information technology solutions to both the private and public sectors.

D-Clear Europe Ltd

D-Clear develops, distributes and services its transaction lifecycle software products data management services for back office processing, primarily to the financial services industry.

Galadari Brothers Company LLC

Galadari Bros. is a holding company with activities including real estate and land development, distribution of automobiles and trucks, travel agents and tour operators, printing and publishing, franchise operations for Baskin Robbins ice cream and other international franchises and trading of industrial machinery.

Aswaaq

Aswaaq owns and operates supermarkets and community malls located at the heart of residential communities in Dubai.

Funding

Other than the initial transfers of assets to ICD at its inception, ICD has been, and continues to be, self-funding and responsible for independently sourcing its own financing. In addition, ICD has neither received nor requested for its own account any payments, budget allocations or other financial support from the Government (see also “*Relationship with the Government – Funding, Support and Oversight from the Government*”).

The sources of financing available to ICD are, and to date have been, dividends and special dividends received from its portfolio companies, proceeds from disposals and divestitures of its holdings and external debt financing (including bilateral and syndicated facilities).

As at 30 June 2016, ICD had outstanding bank indebtedness and borrowings under the EMTN Programme and the Sukuk Programme of AED 17.8 billion (U.S.\$4.8 billion) (at the ICD level only). The Government has not provided any guarantees and does not have any other contingent liabilities in respect of this indebtedness. See also “*Operating and Financial Review – Liquidity and Borrowings – Material Indebtedness*”, “*Relationship with the Government – Funding, Support and Oversight from the Government – Contributions from the Government*” and “*– Operating Model*”.

At the portfolio level, funds are raised by individual companies independently to finance their own development and operations.

Risk Management

The range of risks ICD faces changes with the development of its portfolio. Actual and potential risks that ICD may be or become exposed to need to be identified, measured, aggregated and effectively managed. ICD manages risk through a risk management framework which incorporates organisational structure, risk measurement and monitoring processes. The Board and ICD’s Executive Committee are responsible for the management of strategic, financial and operational risks. They are supported in this function by the Risk Management Committee (see “*Management*”). ICD has institutionalised this framework, within its investment processes, by promoting a culture of risk-awareness and a balanced risk-taking approach. Since ICD’s goal is to optimise long-term shareholder returns, the risk-reward decisions are not determined on the basis of short-term gains.

Broadly, ICD is exposed to two types of risk: strategic risk and financial risk.

Strategic Risk

Strategic risk is the risk of loss arising from, among other things, the pursuit of an unsuccessful business plan, from inadequate resource allocation or from a failure to appropriately respond to changes in the business environment.

ICD believes that its investment strategy of investing only in commercially viable companies that are capable of producing appropriate long-term risk-adjusted returns, together with its stringent investment vetting process (see “*Planning and Investment Process*”), enables it to adequately manage and mitigate strategic risk. As ICD implements its investment strategy, ICD’s exposure to Dubai and the UAE as a proportion of its overall portfolio may decrease. By diversifying its investments across broader sectors and geographies ICD seeks, over time, to, among other things, reduce sector and geographic concentration risks.

Financial Risk

ICD is exposed to the following financial risks: (i) credit risk; (ii) liquidity risk; and (iii) market risk, each of which is summarised, at the Group level, in “*Operating and Financial Review – Qualitative Disclosures about Financial Risk Management*” above.

In order to manage such risks, ICD takes measures, in accordance with the guidelines of its risk management framework, to, among other things, diversify its cash among reputable banks, assess the credit worthiness of counterparties and securities and to appropriately manage the duration of any financial transactions.

The main ICD’s framework for managing interest rate, foreign currency exchange and liquidity risk is defined in its treasury policy. The framework includes procedures for measuring, monitoring and managing each of these respective risks.

ICD is exposed to foreign currency exchange rate risk as a result of its international investments, but the vast majority of its investments, income and liabilities are denominated in dirhams (which is pegged to the U.S. dollar) and U.S. dollars. ICD does not currently engage in any interest rate hedging transactions as the prevailing market interest rates affecting ICD’s borrowings remain at acceptably low levels. However, ICD’s global investment strategy and future movements in interest rates, among other things, may in the future result in a need for more active management of exchange rate, interest rate and other financial risks. Hedging decisions are made on the basis of ICD’s current and forecasted exposures.

Risk Management Framework and Governance

The key features of ICD’s risk management framework are:

- risk management is embedded in ICD and throughout the Group as an intrinsic process and is a core competency required of all its employees;
- the Board has overall responsibility and provides overall risk management direction and oversight in respect of ICD; and
- ICD’s risk appetite statement is determined by the Risk Management Committee and approved by the Chief Executive Officer of ICD.

The risk management function assists ICD’s senior management in controlling and actively managing ICD’s overall risk exposure. This function also ensures that:

- policies, procedures and methodologies are consistent with ICD’s risk appetite;
- ICD’s overall business strategy is consistent with its risk appetite; and
- appropriate risk management architecture and systems are developed and implemented.

The risk management framework enables ICD to identify, assess, manage and monitor risks using a range of quantitative and qualitative tools. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories and enable generation of information such as:

- credit risk in commercial and consumer lending, collateral coverage ratios, limit utilisations and past due alerts;
- quantification of the susceptibility of the market value of single positions or portfolios to changes in market parameters (commonly referred to as sensitivity analysis); and
- quantification of exposures to losses due to extreme and sudden movements in market prices or rates.

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

At the portfolio level, the boards of directors of each of ICD's portfolio companies have responsibility for establishing their own risk management frameworks and analysing and managing their respective risk exposures.

Information Technology

ICD seeks to ensure that its IT systems and software meet the requirements of its business, are effectively maintained and are kept up to date. ICD has an in-house IT team responsible for IT infrastructure and support.

ICD's IT strategy is closely integrated with its overall business strategy. The technology architecture provides a solid foundation for ICD to execute its long-term growth strategy across its various lines of businesses. ICD's technology is based on a scalable and robust enterprise support system designed to be resilient and secure. ICD's IT processes and procedures are adapted from international best practices in the field of IT service management and ICD continuously strives to optimise its IT infrastructure. In 2015, recognising the importance of information security, ICD applied for and was awarded the ISO 27001:2013 certification.

As part of ICD's business continuity planning, ICD has implemented disaster recovery policies and processes to ensure that critical systems and data continue to be fully operational at all times. ICD carries out daily and other periodic data backups which are stored at a location away from its head office.

Legal Proceedings

ICD is not involved in, and is not aware of any member of the Group being involved in, any litigation, arbitration or administrative proceedings relating to claims which could have a material adverse effect on its financial condition and the results of operations and is not aware of any such litigation, arbitration or administrative proceeding that is pending or threatened.

Therefore no material provision has been made as at 30 June 2016 and as at 31 December 2015 regarding any outstanding legal proceedings against ICD or the Group.

MANAGEMENT

Directors

Pursuant to a decree of H.H. The Ruler of Dubai (*Decree No. 39 of 2015 Forming the Board of Directors of the Investment Corporation of Dubai*) the following were reappointed to, and currently sit on, the Board, each for a term of three years, under the Chairmanship of H.H. Sheikh Mohammed bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE and The Ruler of Dubai:

<u>Name</u>	<u>Title</u>
His Highness Sheikh Mohammed bin Rashid Al Maktoum.....	Chairman
His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum	Vice Chairman
His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum	Director
His Highness Sheikh Ahmed bin Saeed Al Maktoum.....	Director
His Excellency Mohammed Ibrahim Al Shaibani	Executive Director

The Board guides the strategic direction of ICD and reviews the operating and financial position of ICD and the Group. The Board has established certain management committees in order to perform its functions efficiently (see “– Committees”).

See also “*Relationship with the Government*”.

Brief biographies of each of the members of the Board are set out below:

His Highness Sheikh Mohammed bin Rashid Al Maktoum

H.H. Sheikh Mohammed bin Rashid Al Maktoum is the Vice President and Prime Minister of the UAE and The Ruler of Dubai.

His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum

H.H. Sheikh Hamdan bin Mohammed bin Rashid al Maktoum is the Crown Prince of Dubai and Chairman of the Dubai Executive Council.

His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum

H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum is the Deputy Ruler of Dubai and Deputy Chairman of the Dubai Executive Council.

His Highness Sheikh Ahmed bin Saeed Al Maktoum

H.H. Sheikh Ahmed bin Saeed Al Maktoum is the President of the Dubai Civil Aviation Authority and Chairman and Chief Executive of Emirates Group and dnata and Chairman of DDF, flydubai and ENBD. In addition, he is Chairman of the Supreme Fiscal Committee of the Government, Chairman of Dubai Airports, Chairman of DAFZA, Deputy Chairman of the Dubai Executive Council and a member of the board of the General Civil Aviation Authority of the UAE.

His Excellency Mohammed Ibrahim Al Shaibani

H.E. Mohammed Ibrahim Al Shaibani serves as the Executive Director and Chief Executive Officer of ICD. He is also the Director General of H.H. The Ruler’s Court of the Government. H.E. Mohammed Ibrahim Al Shaibani also holds the position of President at the Dubai Office, a private management office for the Royal Family of Dubai, is Deputy Chairman of the Supreme Fiscal Committee of the Government and a member of the Dubai Executive Council and is the Chairman of DIB.

The business address of each of the members of the Board is Dubai International Financial Centre, Gate Village 7, 6th Floor, P.O. Box 333888, Dubai, UAE.

No member of the Board has any actual or potential conflict of interest between his duties to ICD and his private interests or other duties.

Senior Management

ICD's day-to-day management is conducted by the following senior managers (the **Senior Managers**):

Name	Position
His Excellency Mohammed Ibrahim Al Shaibani.....	Chief Executive Officer
Khalifa Al Daboos.....	Deputy Chief Executive Officer
Douraid Zaghouni.....	Chief Operating Officer
Abdulla Al Qubaisi.....	Director of Operations
Angelina Lim.....	Head of Human Resources
Simon Harland.....	Head of Investments
Hassan Al Nahdi.....	Head of Treasury and Corporate Communications
Thierry Gimonnet.....	Head of Finance

Brief biographies of each of the Senior Managers are set out below:

His Excellency Mohammed Ibrahim Al Shaibani, Chief Executive Officer

See “– Directors” above.

Mr. Khalifa Al Daboos, Deputy Chief Executive Officer

Mr. Khalifa Al Daboos is the Deputy Chief Executive Officer of ICD. His experience spans 24 years, holding senior positions with leading investment and financial institutions in the UAE.

Mr. Al Daboos' previous roles include heading the Investment Department at the Government's Department of Finance in H.H. The Ruler's Court of the Government. He began his career with ENBD in various treasury, foreign exchange and capital market functions.

Mr. Al Daboos is currently the Chairman of National Bonds and Aswaaq, and also sits on the boards of directors of organisations including, among others, DAE, KIHIL, Emirates Investment & Development PSC, SmartStream Technologies Limited, the Economic Development Committee of the Executive Council and Dubal Holding.

Mr. Douraid Zaghouni, Chief Operating Officer

Mr. Douraid Zaghouni is Chief Operating Officer of ICD. Mr. Zaghouni joined ICD in 2014 after over 25 years at Xerox, his most recent position being Corporate Officer and global President, Channel Partners Operations based in New York, USA. Mr. Zaghouni represents ICD on the board of directors of Dangote Cement and is on the board of directors of International Hotel Investments plc and L'Institut de Prospective Economique du Monde Mediterranee.

Mr. Abdulla Al Qubaisi, Director of Operations

Mr. Abdulla Al Qubaisi is the Director of Operations of ICD. Mr. Al Qubaisi joined ICD in 2012 after a 20 year career in the nautical and shipping industry, his most recent position being Assistant Director of the Jebel Ali Port, Marine Department. Mr. Al Qubaisi is the Vice Chairman of Emirates Rawabi PJSC and represents ICD on the board of directors of Aswaaq.

Ms. Angelina Lim, Head of Human Resources

Ms. Angelina Lim is the Head of Human Resources at ICD. Ms. Lim joined ICD in 2014 and has approximately 20 years of relevant experience spanning across different verticals of the human resources function in Asia and the Middle East with Noor Investment Group, Standard Chartered Bank and Citigroup.

Mr. Simon Harland, Head of Investments

Mr. Simon Harland is the Head of Investments at ICD. Mr. Harland joined ICD in 2008 and has over 20 years of corporate finance and business advisory experience having formerly held positions at Arthur Andersen, CSFB and EY. Mr. Harland represents ICD on the board of directors of MONY, WBK, WDC and OOC.

Mr. Hassan Al Nahdi, Head of Treasury and Corporate Communications

Mr. Hassan Al Nahdi is the Head of Treasury and Corporate Communications at ICD. Mr. Al Nahdi joined ICD in 2010 and held various roles with the Investment and Finance departments before his appointment as the Head of Treasury in 2015. He is a member of the audit committees of several of ICD's portfolio companies and represents ICD on the board of directors of Aswaaq and OOC.

Mr. Thierry Gimonnet, Head of Finance

Mr. Thierry Gimonnet is the Head of Finance at ICD. Mr. Gimonnet joined ICD in 2015 and has 25 years of experience in investment and financial services including various finance roles in the UAE with Abu Dhabi Investment Company and in Europe with Goldman Sachs.

The business address of each of the Senior Managers is Dubai International Financial Centre, Gate Village 7, 6th Floor, P.O. Box 333888, Dubai, UAE.

No Senior Manager has any actual or potential conflict of interest between his duties to ICD and his private interests or other duties.

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No Senior Manager has any actual or potential conflict of interest between his duties to ICD and his private interests or other duties.

Corporate Governance

ICD is committed to developing and maintaining the highest standards of corporate governance and supports the application of such standards across the Group. The Board is responsible for overseeing ICD's corporate governance affairs, training and related policies and procedures.

The governance of ICD is achieved through the delegation of certain of the Board's authorities for executive management (including in respect of strategy, risk management and financial planning and performance) to established committees (see "*— Committees*"), which report to and operate under the overall oversight of the Board. Such delegation of authority facilitates the efficient day-to-day management and operation of ICD and promotes responsibility, accountability and appropriate internal controls over the authorisation, execution and management of commitments across all levels of ICD's management.

Committees

ICD has established a number of committees, which include the following:

Executive Committee

The Executive Committee comprises two members of the Board. The Executive Committee is primarily responsible for:

- reviewing ICD's strategic plan and mission;
- formulating policies and guidelines to manage ICD's capital resources effectively;
- instituting the policies and procedures relating to the governance and operations of ICD;
- reviewing and approving major business decisions;
- providing oversight of ICD's investment functions and evaluating and approving ICD's investment policies;
- evaluating and approving all investment transactions, including mergers, acquisitions, divestitures, restructurings, reorganisations and any other form of investments, including the underlying financing, made on behalf of ICD; and

- reviewing and approving matters related to financing, funding and risk management.

The Executive Committee meets between meetings of the Board or as and when required.

Investment Management Committee

The Investment Management Committee comprises three members. The Investment Management Committee is primarily responsible for:

- providing oversight of ICD's investment functions and evaluating ICD's investment policies; and
- evaluating all investment transactions, including mergers, acquisitions, divestitures, restructurings, reorganisations and any other form of investments, including transaction related financing, made on behalf of ICD.

The Investment Management Committee meets as and when required and at the request of the Executive Committee.

Risk Management Committee

The Risk Management Committee with the Chief Operating Officer as its Chairman, works in collaboration with all department heads and is primarily responsible for:

- recommending to the Board for implementation and overseeing a sound risk management framework and internal control processes and systems which aim to identify, assess, manage and monitor risk exposures of the Company;
- providing guidance to the respective departments in their efforts to develop systems and processes which are considered necessary to ensure that ICD's risks are being effectively managed, including the review and endorsement of the operational policies and procedures developed by ICD's various functions;
- reviewing on an annual basis the risk profile of each department and working together with each department to evaluate and assess the identified risks and recommended risk limits and risk mitigation measures; and
- recommending improvements to the risk management framework and related internal control processes and systems as it considers necessary from time to time.

The Risk Management Committee meets at least three times a year.

Management Committee

The Management Committee comprises the senior management of ICD. It is the Management Committee's responsibility to:

- oversee the day to day operational activities of ICD; and
- execute, implement and manage directives introduced by the Executive Committee.

The Management Committee meets at least six times a year.

Employees

As of 30 June 2016, ICD had 56 employees and the consolidated companies in the Group had over 125,000 employees.

For related party transactions, see "*Operating and Financial Review – Related Party Transactions*".

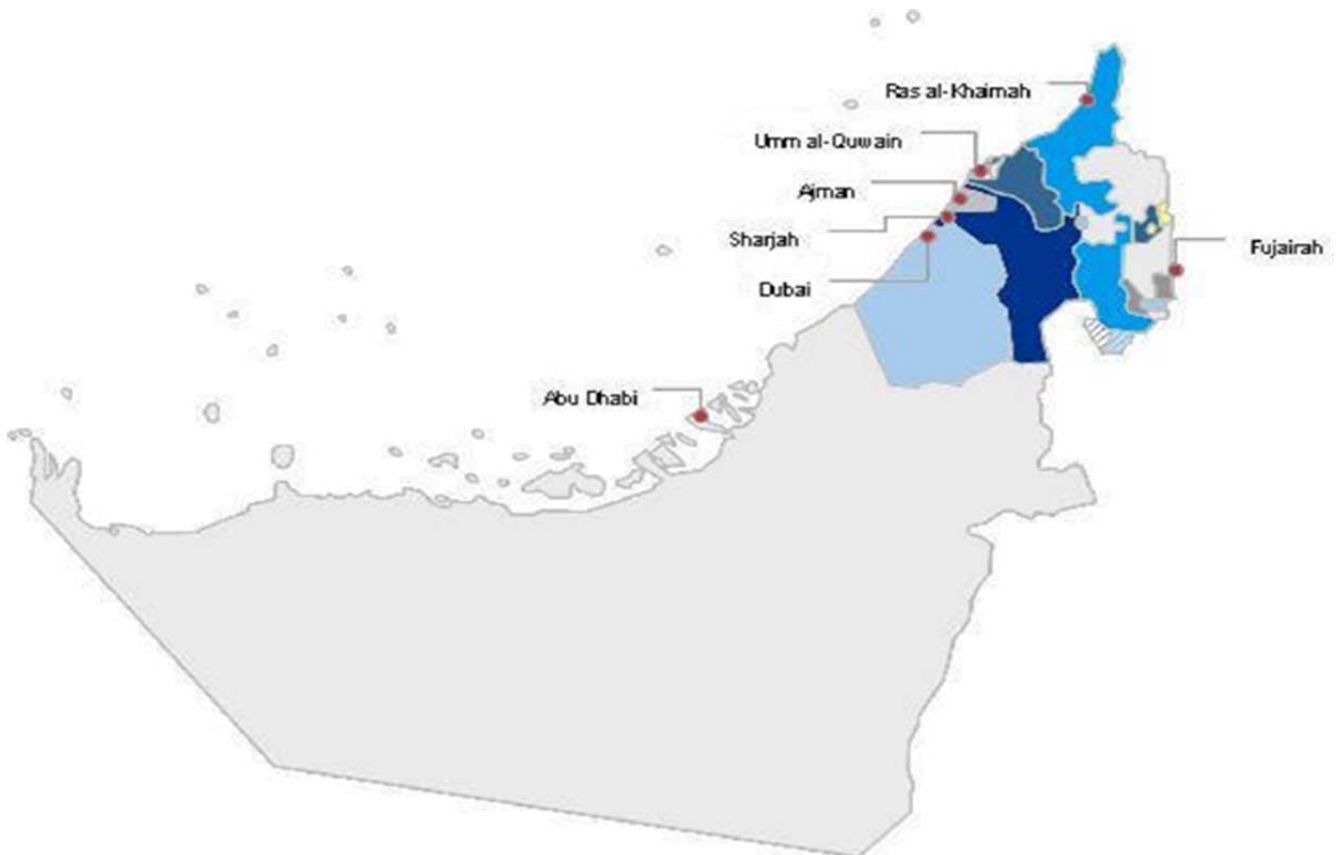
OVERVIEW OF THE UNITED ARAB EMIRATES AND THE EMIRATE OF DUBAI

The information set forth in this section is based on publically available information. ICD accepts responsibility for accurately reproducing such information and, as far as ICD is aware, no facts have been omitted which would render such information inaccurate or misleading. ICD accepts no responsibility for the accuracy of such information, which may also be approximate or use rounded numbers.

Introduction

Dubai is one of seven Emirates which together comprise the UAE. The federation was established on 2 December 1971. On formation, the federation comprised the following Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. The President of the UAE is H.H. Sheikh Khalifa bin Zayed Al Nahyan who is also The Ruler of Abu Dhabi. The Ruler of Dubai is H.H. Sheikh Mohammad bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

Location and Geography



Dubai is the second largest Emirate in the UAE after Abu Dhabi, and is situated on the west coast of the UAE in the south-western part of the Arabian Gulf. It covers an area of approximately 4,357 square kilometres and lies at a longitude of approximately 55 degrees east and a latitude of 25 degrees north. Except for a tiny enclave in the Hajar Mountains at Hatta, Dubai comprises one contiguous block of territory.

The UAE as a whole extends along the west coast of the Arabian Gulf, from the base of the Qatar peninsula to Ras Al Khaimah in the North and across the Mussandam peninsula to the Gulf of Oman in the East, covering an area of approximately 83,600 square kilometres in total.

Population

Population of the UAE

The population of the UAE, based on a census carried out in 2010 and according to the UAE Federal Competitiveness and Statistics Authority (formerly the National Bureau of Statistics) (the “FCSA”) was approximately 8.3 million in 2010 and approximately 9.3 million in 2014.

The population of the UAE has grown significantly since 1985, reflecting an influx of foreign labour, principally from Asia, as each of the Emirates have developed. The table below illustrates this growth using official census data since 1985 for the UAE:

	<u>2014</u>	<u>2010</u>	<u>2005</u>	<u>1995</u>	<u>1985</u>
Total UAE population.....	9,338,075 ⁽¹⁾	8,264,070 ⁽¹⁾	4,106,427	2,411,041	1,379,303
Dubai population	2,327,350 ⁽²⁾	1,905,476	1,321,453	689,420	370,788

Source: Official UAE Census Data.

(1) FCSA estimate.

(2) Dubai Statistics Center.

Population of Dubai

The following table sets out the estimated population of Dubai as at 31 December for each of the years indicated:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total population, Dubai.....	2,446,675	2,327,350	2,213,845	2,105,875	2,003,170

Source: Dubai Statistics Center.

The Dubai Statistics Center has estimated the population of Dubai to be approximately 2.4 million at the end of 2015. The number of ‘active individuals’ present during the day in Dubai is estimated at considerably more (approximately 3.6 million at year-end 2015), many of whom work within Dubai yet reside outside of it.

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. According to the Dubai Statistics Center, as at 31 December 2015, approximately 69.6 per cent. of the population was estimated to be male and 30.4 per cent. female, reflecting the large male expatriate workforce unaccompanied by family members.

According to the Dubai Statistics Center, as at 31 December 2015, it was estimated that approximately 19.0 per cent. of the population of Dubai was 19 years of age or under, 24.2 per cent. of the population was between 20 and 29 years of age, 30.8 per cent. of the population was between 30 and 39 years of age, 17.3 per cent. of the population was between 40 and 49 years of age and 8.7 per cent. of the population was 50 years of age or older.

According to the Dubai Statistics Center, education and training are an important strategic focus for Dubai and the literacy rate in Dubai for persons at or above the age of 15 was estimated at 97.4 per cent. in 2014.

Economy

Economy of the UAE

According to data published by the IMF in October 2016, the UAE is the largest economy in the GCC based on real gross domestic product (“GDP”) and it has a more diversified economy than most of the other countries in the GCC. According to OPEC data, as at 31 December 2015, the UAE had approximately 8.1 per cent. of the world’s proven global crude oil reserves (giving it the sixth largest oil reserves in the world). According to preliminary data produced by the FCSA, crude oil and natural gas accounted for 31.2 per cent. of the UAE’s real GDP in 2015.

The FCSA has estimated on a preliminary basis that real GDP in the UAE for 2015 was AED 1,184.7 billion, was AED 1,141.8 billion in 2014 and was AED 1,107.6 billion in 2013, representing a real GDP growth rate of 3.8 per cent. in 2015 compared to 2014 and 3.1 per cent. in 2014 compared to 2013, respectively, reflecting the general economic recovery in the wake of the global economic crisis.

The table below shows the UAE's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Nominal GDP (AED billions).....	1,359.9	1,467.2	1,427.1	1,371.4
Nominal GDP growth (%).....	(7.9)	3.4	4.1	7.1
Real GDP (AED billions).....	1,184.7	1,141.8	1,107.6	1,057.6
Real GDP growth (%).....	3.8	3.1	4.7	6.8

Source: FCSA and Ministry of Finance, preliminary estimates in respect of 2013-2015.

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Whilst, fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, due to the growth in non-oil sectors, particularly trading, finance, real estate, transport and tourism.

On 4 March 2016, Moody's Singapore placed the UAE's Aa2 government bond and issuer ratings on review for downgrade. Although Moody's Singapore is not established in the EU and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), its rating has been endorsed by Moody's, which is established in the EU. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by the Emirate of Abu Dhabi. The UAE is not rated by the other rating agencies.

Economy of Dubai

Dubai has a diversified economy which has demonstrated renewed growth, with real GDP increasing by approximately 4.1 per cent. in 2015 and 4.0 per cent. in 2014 after the effects of the global economic recession led to a decline in real GDP in 2009. Since the UAE was established, when approximately 50.0 per cent. of Dubai's GDP was oil related, the Emirate's reliance on oil has decreased, with the oil and gas sector accounting for 2.2 per cent. of real GDP in 2015.

The table below shows Dubai's real GDP growth rates for each of the years indicated:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Real GDP (AED millions).....	365,707	351,268	337,902	322,923
Real GDP growth (%).....	4.1	4.0	4.6	3.6

Source: Dubai Statistics Center, FCSA.

The real GDP of Dubai in 2015 accounted for 30.9 per cent. of the real GDP of the UAE in the same year. In 2014 and 2013, the equivalent proportions were 30.8 per cent. and 30.5 per cent., respectively. Dubai's real GDP per capita in 2015 was approximately U.S.\$40,700, based on an assumed population of 2,446,675 and an exchange rate of U.S.\$1.00 = AED 3.6725.

Within Dubai, no single economic sector contributed more than 30 per cent. to total real GDP in 2015, with the largest sector being the wholesale and retail trade and repairing services sector which contributed AED 101.9 billion, or 27.9 per cent., of Dubai's real GDP, reflecting Dubai's strategic geographic location, rising levels of international trade and the Government's long-standing strategy of positioning Dubai as a trading centre. Other significant contributors to real GDP in 2015 include the transportation and storage sector, which contributed AED 43.2 billion, or 11.8 per cent., to real GDP; the financial and insurance activities sector, which contributed AED 39.6 billion, or 10.8 per cent., to real GDP; the manufacturing sector, which contributed AED 36.0 billion, or 9.8 per cent., to real GDP; the construction sector, which contributed AED 24.9 billion, or 6.8 per cent., to real GDP; the real estate sector, which contributed AED 23.1 billion, or 6.3 per cent., to real GDP, and the public administration and defence; compulsory social security sector, which contributed AED 19.0 billion, or 5.2 per cent., to real GDP. Together, these seven sectors contributed 78.6 per cent. of total real GDP in 2015. By contrast, the other service activities sector contributed 0.4 per cent., the arts, entertainment and recreation sector contributed 0.2 per cent. and the agriculture, forestry and fishing sector contributed 0.1 per cent. to real GDP in 2015.

In terms of growth, the four strongest principal sectors in recent years have been the education sector, with a compound annual GDP growth rate of 11.2 per cent. between 2012 and 2015; the accommodation and food service activities sector, with a compound annual GDP growth rate of 6.6 per cent. between 2012 and 2015;

the transportation and storage sector, with a compound annual GDP growth rate of 6.4 per cent. between 2012 and 2015; and the arts, entertainment and recreation sector, with a compound annual GDP growth rate of 6.0 per cent. from 2012 to 2015.

Significant growth sectors for Dubai in 2015 were human health and social work activities, education, other service activities and accommodation and food service activities. During 2015 the human health and social work activities sector grew by 9.7 per cent. in real terms the education sector grew by 9.5 per cent. in real terms the other service activities sector grew by 8.2 per cent. in real terms and the accommodation and food service activities sector grew by 8.0 per cent. in real terms.

In contrast, since the middle of 2008, and reflecting the global financial crisis and sharp falls in international oil and gas prices, there have been meaningful declines in real estate sales prices and rental rates in the UAE as a whole and a meaningful slowdown in construction activity. These factors adversely impacted Dubai's GDP in 2010 and 2011, with the real estate and construction sectors declining in real terms in 2011 by 2.6 per cent. and 5.8 per cent., respectively. However, in 2012, the real estate sector saw growth of 6.9 per cent., the first year of growth in that sector since 2008. In 2012, the construction sector saw a further decline of 4.4 per cent. The real estate and construction sectors have however seen increases of 2.6 per cent., and 1.3 per cent. in 2013, respectively, 1.3 per cent. and 2.0 per cent. in 2014, respectively, and 3.5 per cent. and 0.9 per cent. in 2015, respectively.

Each of the above sectors has benefitted from the Government's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high profile developments initiated by the Government and the establishment of a range of specialised free zones designed to attract new companies and investment. Other supply side factors supporting Dubai's longer-term economic growth have included the availability of labour and land for real estate development and increasing consumer wealth in the GCC and elsewhere, in part reflecting generally high oil and gas prices, an appropriate legal and regulatory framework and good infrastructure.

The Government continues to focus on economic diversification and in this respect is targeting the travel and tourism; financial services; professional services; transport and logistics; trade and storage and construction sectors in particular as areas for future growth.

The following table sets out Dubai's real GDP by economic activity and by percentage contribution, as well as the year-on-year growth rate, in the years 2012 to 2015:

Sector	2015			2014		
	AED million	% contribution	% growth	AED million	% contribution	% growth
Agriculture, forestry and fishing	475	0.1	3.0	461	0.1	0.3
Mining and quarrying	6,699	1.8	(3.0)	6,904	2.0	(2.9)
Manufacturing.....	36,019	9.8	3.4	34,845	9.9	4.0
Electricity, gas, steam and air conditioning supply.....	8,882	2.4	5.7	8,406	2.4	4.9
Water supply; sewerage, waste management and remediation activities.....	103	0.0	2.1	101	0.0	4.6
Construction.....	24,926	6.8	0.9	24,698	7.0	2.0
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	101,942	27.9	4.9	97,141	27.7	2.2
Transportation and storage	43,191	11.8	5.1	41,098	11.7	14.6
Accommodation and food service activities.....	16,150	4.4	8.0	14,949	4.3	7.8
Information and communication	14,100	3.9	5.2	13,408	3.8	(1.8)
Financial and insurance activities.....	39,648	10.8	3.7	36,248	10.9	2.5
Real estate activities	23,106	6.3	3.5	22,327	6.4	1.3
Professional, scientific and technical activities.....	12,172	3.3	2.3	11,903	3.4	6.4
Administrative and support service activities.....	9,187	2.5	(0.3)	9,219	2.6	4.4
Public administration and defence; compulsory social security	18,967	5.2	4.3	18,188	5.2	3.2
Education	2,302	0.6	9.5	2,101	0.6	8.8
Human health and social work activities.....	3,670	1.0	9.7	3,344	1.0	(0.6)
Arts, entertainment and recreation.....	820	0.2	7.3	764	0.2	4.3
Other service activities	1,436	0.4	8.2	1,327	0.4	2.0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	1,913	0.5	4.1	1,838	0.5	5.1
	365,707	100	4.1	351,268	100	4.0

Source: Dubai Statistics Center.

Sector	2013			2012		
	AED million	% contribution	% growth	AED million	% contribution	% growth
Agriculture, forestry and fishing	460	0.1	4.0	442	0.1	(3.8)
Mining and quarrying	7,111	2.1	(3.6)	7,376	2.3	38.2
Manufacturing.....	33,512	9.9	7.6	31,138	9.6	4.5
Electricity, gas, steam and air conditioning supply.....	8,011	2.4	7.1	7,481	2.3	12.5
Water supply; sewerage, waste management and remediation activities.....	96	0.0	1.6	95	0.0	1.4
Construction.....	24,221	7.2	1.3	23,912	7.4	(4.4)
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	95,036	28.1	7.5	88,436	27.4	1.3
Transportation and storage	35,856	10.6	0.1	35,812	11.1	2.5
Accommodation and food service activities.....	13,871	4.1	4.0	13,340	4.1	6.3
Information and communication	13,654	4.0	13.0	12,081	3.7	11.4
Financial and insurance activities.....	37,310	11.0	3.9	35,925	11.1	(2.6)
Real estate activities	22,049	6.5	2.6	21,498	6.7	6.9
Professional, scientific and technical activities....	11,188	3.3	3.2	10,843	3.4	5.4
Administrative and support service activities.....	8,830	2.6	3.1	8,562	2.7	6.5
Public administration and defence; compulsory social security	17,620	5.2	1.0	17,453	5.4	6.4
Education	1,932	0.6	15.5	1,673	0.5	15.3
Human health and social work activities.....	3,365	1.0	4.8	3,210	1.0	31.8
Arts, entertainment and recreation.....	732	0.2	6.3	688	0.2	37.6
Other service activities	1,301	0.4	1.7	1,279	0.4	22.8
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	1,749	0.5	4.2	1,678	0.5	2.1
	337,902	100	4.6	322,923	100	3.6

Source: Dubai Statistics Center.

Governance, Legislation and Judiciary

The UAE

The original constitution of the UAE (the “**Constitution**”) established the legal framework for the UAE. The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of each of the seven Emirates were authorised to regulate those matters that were not the subject of legislation by the federal government. The Constitution was initially provisional but was made permanent pursuant to a constitutional amendment in May 1996.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft and a number of other matters including labour relations; banking; the delimitation of territorial waters; and the extradition of criminals. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Foreign Affairs, Defence, Justice, Finance and Economy. Although most of the federal government ministries are based in Abu Dhabi, many also maintain offices in Dubai. The UAE’s monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank.

Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

The individual Emirates are given flexibility in the governance and management of their own Emirates. The Constitution permits individual Emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Dubai has elected to assume responsibility for its own education, public health and judicial systems. The natural resources and wealth in each Emirate are considered to be the public property of that Emirate. Each Emirate manages its own budget on an independent basis and no Emirate has any obligation to contribute to the budget of any other Emirate. Each Emirate makes contributions to the federal budget in agreed amounts.

The following are the key entities in the structure of the federal government of the UAE:

- *Federal Supreme Council:* The UAE is governed by the Supreme Council. This is the highest federal governing body and consists of the rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five Emirates, *provided*

that the votes of both Dubai and Abu Dhabi are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy and approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

- *Federal Council of Ministers:* The Federal Council of Ministers (the “**Cabinet**”) is described in the Constitution as the executive authority for the federation and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the federation. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget.

Based in Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

- *Federal National Council:* The Federal National Council (the “**FNC**”) is a parliamentary body which comprises 40 members who are UAE nationals. Half of the members are appointed by their respective rulers and the other half is elected under an electoral process. Each Emirate appoints members for a particular number of seats based on such Emirate’s population and size. Abu Dhabi and Dubai have eight members each, Sharjah and Ras Al Khaimah have six members each and the other Emirates have four members each. The nomination of representative members is left to the discretion of each Emirate, and the members’ legislative term is four calendar years. The members represent the UAE as a whole rather than their individual Emirates.

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the FNC has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the FNC is to discuss the annual budget of the UAE. Although the FNC can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

During 2006, reforms were made with a view to enhancing public participation in the electoral process. Under these reforms, the Ruler of each Emirate selects an electoral college whose members are at least 100 times the number of FNC members for the relevant emirate. The members of each electoral college then elects half of the FNC members for their Emirate, with the remainder being appointed by their respective ruler.

In May 2011, the National Election Commission issued new electoral guidelines addressing the methods of selection of representatives to the FNC, the role of the National Election Commission and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process.

The most recent FNC elections were held on 3 October 2015, where 330 candidates stood for election to the 20 elected positions on the Federal National Council, with a voter turnout across the UAE of 79,157, which represented a voter turnout of 35.3 per cent.

Emirate of Dubai

The relationship between the federal government and the local governments of each Emirate is laid down in the Constitution and allows for a degree of flexibility in the distribution of authority. Dubai enjoys good relations with each of the other Emirates in the UAE. The Constitution states that each Emirate shall exercise all powers not assigned to the federation. Each Emirate has its own local government, consisting of departments or authorities, so that each Emirate retains significant political and financial autonomy.

The laws of Dubai are passed by decrees of H.H. The Ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice-President and Prime Minister of the UAE. The Crown Prince of Dubai is

Sheikh Hamdan bin Mohammed Al Maktoum. The Deputy Rulers are Sheikh Hamdan bin Rashid Al Maktoum and Sheikh Maktoum bin Mohammed Al Maktoum.

The key entities in the structure of the Government are: (i) The Ruler's Court; (ii) the Supreme Fiscal Committee (the "SFC"); and (iii) the Executive Council. The Dubai Department of Economic Development (the "DED") and the Dubai Department of Finance (the "DoF") are administrative bodies. All five of these entities have distinct roles:

- *The Ruler's Court:* Except in relation to applicable federal laws, H.H. The Ruler of Dubai is the sole legislator for Dubai and all Dubai laws are passed by His Highness after drafts of the laws have been approved by The Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of H.H. The Ruler of Dubai are channelled through The Ruler's Court.
- *SFC:* The SFC was established (by *Decree No. 24 of 2007 Forming the Supreme Fiscal Committee in the Emirate of Dubai*) in November 2007 to formulate the financial policies of Dubai, establish and approve priorities, financing methods and completion dates for major Government projects, determine the public debt and expenditure limits and to issue recommendations in relation to key economic issues to H.H. The Ruler of Dubai. The SFC also aims to improve coordination between various Government entities and to enable these entities to meet their respective development targets in a cost-efficient manner.
- *Executive Council:* The Executive Council seeks to ensure coordination amongst Government departments such as the courts, the police, the Health Authority, the Dubai Land Department, Dubai Airports, the DED and the Department of Tourism and Commerce Marketing. The Executive Council works with these departments to implement an overall strategy for the Government, while considering the requirements and strategies of each particular department. The Executive Council also works with the DoF to prepare an overall budget to fund the requirements of the various government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations, and is involved in the implementation of laws promulgated at both the Dubai and federal levels.
- *DED:* The DED is a regulatory and administrative body responsible for licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the DED. The DED also helps formulate the Government's policy in relation to economic planning and the promotion of Dubai as a business centre. The DED works closely with relevant government bodies such as the Ministry of Labour and the Real Estate Regulatory Authority ("RERA").
- *DoF:* The DoF is the local ministry of finance and treasury for the Government. All revenues of the Government are collected within the DoF and all Government authorities are funded through the DoF. In addition, the DoF also functions as an administrative office of the SFC for executing and monitoring compliance with the SFC's decisions.

In addition to the above, ICD is the principal investment arm of the Government. ICD was formed in 2006 as a holding company for investments that had previously been held directly by the DoF. ICD's role is to consolidate and manage the Government's investment portfolio and provide strategic oversight of the portfolio by developing and implementing best practice corporate governance policies. Following the initial transfer of assets by the Government, ICD is self-funding and may contribute to the budget of the Government. See "*Description of ICD and the Group*".

Legal and Court System

There are three primary sources of law in the UAE, namely: (i) federal laws and decrees (applicable in all seven Emirates); (ii) local laws and decrees (*i.e.* laws and regulations enacted by the Emirates individually); and (iii) *Shari'a* (Islamic law). The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the ruler or local government of each Emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-Emirate disputes and disputes between the federal government and the Emirates.

In accordance with the Constitution, three of the seven Emirates (Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective Emirates.

The judicial system in Dubai comprises: (i) a Court of First Instance; (ii) a Court of Appeal; and (iii) a Court of Cassation.

The laws and regulations of the DIFC are applied by the Dubai International Financial Centre Courts (the “**DIFC Courts**”), which are independent of the Dubai Courts and the UAE Federal Courts, and consist of a Court of First Instance and a Court of Appeal.

Strategy of Dubai

Since the establishment of the UAE in 1971, Dubai has developed its status as a major city, enhancing the well-being of its people and creating an environment that attracts businesses and individuals. To support, maintain and develop this status, the Government intends to focus on: (i) achieving comprehensive development and building human resources; (ii) promoting economic development and government modernisation; (iii) sustaining growth and prosperity; (iv) protecting UAE nationals’ interests, the public interest and well-being; and (v) providing an environment conducive for growth and prosperity in all sectors.

Dubai Strategic Plan 2015

In 2007, the Government adopted a set of guiding principles for the various sectors that comprised the Dubai Strategic Plan 2015 (the “**DSP 2015**”). The aim of the DSP 2015 was to ensure an understanding of the Government’s vision among all government entities and establish a common framework for the operations of these entities. The DSP 2015 focused on the core areas of economic development, social development, security, justice and safety, infrastructure, land and development and government excellence.

Dubai Plan 2021

In December 2014, H.H. The Ruler of Dubai announced the launch of Dubai Plan 2021 (the “**DP 2021**”), which outlines Dubai’s development framework for the period from 2015 to 2021. DP 2021 is intended to align with UAE Vision 2021 and to complement the DSP 2015. The framework of Dubai Plan 2021 comprises six themes that aim to define and describe Dubai in the year 2021: (i) “The People”, a city of happy, creative and empowered people; (ii) “The Society”, an inclusive and cohesive society; (iii) “The Experience”, the preferred place to live, work and visit; (iv) “The Government”, a pioneering and excellent Government; (v) “The Economy”, a pivotal hub in the global economy; and (vi) “The Place”, a smart and sustainable city. Each of these themes is described in more detail below, respectively. For an overview of ICD’s role in the DP 2021, see “*Relationship with the Government – ICD’s Role in Dubai’s Development Strategy*”.

The People

The DP 2021’s main focus is the people of Dubai, and it aims to reinforce the feeling of responsibility each individual must have towards themselves and their families and society in pursuing and promoting education and personal development, and maintaining a healthy lifestyle, to enable them to play an active, productive, and innovative role in all aspects of the society and economy.

The Society

With this theme, the DP 2021 aims for a population that is economically and demographically sustainable, as well as tolerant and inclusive, and addresses the importance of the family.

The Experience

The DP 2021 focuses on improving Dubai's liveability and this theme addresses the need to provide the best educational, health and housing services to all residents, as well as rich cultural experiences and entertainment options.

The Government

The DP 2021 states that people's happiness and satisfaction with government services and policies are the primary measures for the government's success and also recognises the need to enhance government efficiency and transparency in all aspects.

The Economy

The DP 2021 aims to consolidate Dubai's position as a key player in the global economy to be among the top five centres for trade, logistics, finance and tourism. The DP 2021's aim is for sustainable economic growth that is resilient to disruptive shocks through being underpinned by a diversified base of economic activity, innovation in business models and increasing productivity of labour and capital. Further, the DP 2021 aims for Dubai to become the most business friendly city in the world and to be a preferred investment destination for foreign capital.

The Place

This theme addresses the importance of sustainability in the management of Dubai's future growth by ensuring the availability of clean energy sources and protecting natural resources such as soil, water, and air. The DP 2021 promotes sustainable consumption, as well as recognising the importance of efficiency in the development of Dubai's infrastructure and the use of its resources.

International Relations

Pursuant to Articles 120 and 121 of the UAE Constitution, foreign policy and international relations are a federal matter and, accordingly, Dubai does not enter into bilateral agreements with foreign governments.

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, Sheikh Zayed bin Sultan Al Nahyan. He derived these principles from his belief in the need for justice in international dealings between states, including the necessity of adhering to the principle of non interference in the internal affairs of others and the pursuit, wherever possible, of peaceful resolution of disputes, together with support for international institutions, such as the United Nations (the "UN").

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance cooperation and to resolve disagreement through the pursuit of dialogue. Thus, one of the central features of the UAE's foreign policy has been the development of closer ties with its neighbours in the Arabian Gulf region. The GCC, which comprises the UAE, Kuwait, Saudi Arabia, Bahrain, Qatar and Oman, was founded at a summit conference held in Abu Dhabi in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to rebuilding a sense of common purpose among both its people and its governments and, to this end, has supported the strengthening of common institutions, such as the League of Arab States. Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE also maintains cordial relations with other regional states and has established good relations with the United States of America and the European Union as well as with developing nations in Africa and many of the countries of the former Soviet Union. In 2010, the UAE entered into a nuclear cooperation agreement with the United States of America that provides the foundation for the UAE's civilian nuclear energy programme and provides a legal framework for commerce in civilian nuclear energy between the two countries.

Since its establishment, the UAE has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. The philosophy behind the aid policy is two fold: first, the provision of help for the needy is a duty incumbent on all Muslims and, second, the country's policy on utilisation of the revenues from its oil and gas production has always included a component that they should be devoted, in part, to helping other countries which have fewer natural resources.

The UAE is an active participant in a number of multi lateral developmental institutions, including the International Bank for Reconstruction and Development (the “**World Bank**”), the IMF, the International Development Agency and regional bodies like the OPEC Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various international organisations including, among others, the GCC, the UN, the League of Arab States, the Organisation of Islamic Countries, the Organisation of Arab Petroleum Exporting Countries, OPEC, the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia Pacific Economic Cooperation.

The UAE has an ongoing dispute with Iran and is in continuing discussions with Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iran. The UAE believes that these islands should be returned to the Emirate of Sharjah, which claims sovereignty over them, and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of Saudi Arabia and Qatar over a maritime corridor which Qatar has purported to grant to Saudi Arabia, from within Qatar’s own maritime waters, but which crosses part of the route of the gas pipeline between Qatar and the UAE. The UAE, along with other Arab states, is currently participating in a military intervention in the Republic of Yemen and is also a member of another military coalition formed in December 2015 to combat Islamic extremism and, in particular, the group known as Islamic State.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).

Master Trust Deed, as supplemented by each Supplemental Trust Deed

The Master Trust Deed was entered into on 29 December 2016 between ICD, the Issuer, the Trustee and the Delegate and is governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by English law.

Upon issue of the Global Trust Certificate initially representing any Series, the Master Trust Deed and each relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series comprise (i) the cash proceeds of the issue of Trust Certificates pending the application thereof in accordance with the terms of the Transaction Documents, (ii) the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the relevant Asset Portfolio, (iii) the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Transaction Documents (other than in relation to any representations given to the Trustee or the Issuer by ICD pursuant to any of the Transaction Documents and any rights which have been waived by the Trustee in any of the Transaction Documents) and (iv) any amounts standing to the credit of the relevant Transaction Account and all proceeds of the foregoing.

Each Trust Deed will specify that, on or after the relevant Maturity Date or any Dissolution Date of a Series, as the case may be, the rights of recourse in respect of the relevant Trust Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Trust Certificates and the Conditions. The Certificateholders have no claim or recourse against the Issuer or the Trustee in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Trust Deed, the Trustee will, in relation to each Series, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the relative Certificateholders as beneficial tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder; and
- (b) act as trustee in respect of the relevant Trust Assets, distribute the income from the relevant Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

In the Master Trust Deed, the Trustee by way of security for the performance of all covenants, obligations and duties of the Trustee has irrevocably and unconditionally appointed the Delegate to be its attorney and in its name and on its behalf to execute, deliver and perfect all documents and to exercise certain present and future powers, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders, the power to sub-delegate and the power to make any determinations to be made under each Trust Deed) vested in the Trustee by each Trust Deed that the Delegate may consider to be necessary or desirable in order to perform the present and future powers, authorities and discretions vested in the Trustee by the relevant provisions of each Trust Deed and the other Transaction Documents. The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Delegate has undertaken in the Master Trust Deed that, following it becoming aware of the occurrence of a Dissolution Event in respect of any Series and subject to Condition 13, it shall (a) promptly notify the relevant Certificateholders of the occurrence of such Dissolution Event, and (b) subject to being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, enforce the obligations of ICD under the Transaction Documents to which ICD (acting in any capacity thereunder) is a party and/or take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

The Master Trust Deed specifies, *inter alia*, that in relation to each Series:

- (i) neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or realise the relevant Trust Assets or take any action against the Issuer, the Trustee and/or ICD (as applicable) under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least 20 per cent. of the then aggregate outstanding face amount of the Trust Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing;
- (ii) no Certificateholder shall be entitled to proceed directly against the Issuer and/or ICD under any Transaction Document unless the Delegate having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing;
- (iii) after enforcing or realising the Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 4.2, the obligations of the Issuer and the Trustee in respect of the Trust Certificates shall be satisfied and no holder of the Trust Certificates may take any further steps against the Issuer, the Trustee (to the extent that the Trust Assets have been exhausted), ICD (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates to recover any further sums in respect of the Trust Certificates and the right to receive any sums unpaid shall be extinguished. In particular, neither the Delegate nor any Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer or the Trustee nor under any circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole rights of the Trustee, the Delegate (acting on behalf of the Certificateholders) and the Certificateholders against ICD shall be to enforce its obligations under the Transaction Documents;
- (iv) the Issuer may from time to time, without the consent of the Certificateholders, create and issue Additional Trust Certificates ranking *pari passu* in all respects (or in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single series, with the Trust Certificates of such Series, and that any Additional Trust Certificates which are to be created and issued so as to form a single series with the Trust Certificates of a particular Series shall be constituted by a trust deed supplemental to the Master Trust Deed; and
- (v) on the date upon which any sale agreement is entered into in connection with the creation and issuance of Additional Trust Certificates pursuant to the provisions described in paragraph (iv) above and the Substitution and Purchase of Additional Assets Undertaking (being the relevant Issue Date for that Tranche of Trust Certificates), the Trustee and ICD will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates so created and issued, declaring that the relevant Additional Tangible Assets and the Lease Assets in respect of the relevant Series in existence immediately prior to the creation and issue of the Additional Trust Certificates, together with each Murabaha Transaction (if any) relating to the relevant Series and all other rights arising under or with respect to the relevant Tangible Asset Portfolio and Murabaha Transactions (including the right to receive payment of the Deferred Sale Prices and any other amounts or distributions due in connection with the relevant Tangible Asset Portfolio), are commingled and shall collectively comprise the Asset Portfolio in respect of the relevant Series and part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such Additional Trust Certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

Purchase Agreement

The Master Purchase Agreement was entered into on 29 December 2016 between ICD Sukuk Company Limited (in its capacity as Trustee and as Purchaser) and ICD (in its capacity as Seller) and is governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Purchase Agreement between the same parties, together with, where applicable, any seller entity which is a separate

legal entity wholly-owned (directly or indirectly) by ICD, will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will buy from the Seller, its rights, title, interests, benefits and entitlements to certain assets described in each Supplemental Purchase Agreement, free and clear of any encumbrance or other rights of third parties. The Purchaser and the Seller will agree that there will be no obligation to register the sale of such assets (to the extent such sale is registrable). The purchase price of the assets will be an amount equal to the proceeds of the issue of the first Tranche of the relevant Series of Trust Certificates less, if applicable, the Cost Price of the Murabaha Transaction entered into in relation to such Tranche of Trust Certificates (in respect of which see further “*Structure Diagram and Cash Flows – Principal cash flows – Purchase of the Tangible Assets and entry into Murabaha Transactions*”). The relevant assets will comprise on the Issue Date those assets described in the schedule to the Supplemental Purchase Agreement.

Lease Agreement

The Master Lease Agreement was entered into on 29 December 2016 between ICD (in its capacity as Lessee), ICD Sukuk Company Limited (in its capacity as Trustee and as Lessor) and the Delegate and is governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Lease Agreement between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE.

Under the terms of the Lease Agreement, the Lessor will lease to the Lessee, and the Lessee will lease from the Lessor, the Lease Assets identified in each Supplemental Lease Agreement during renewable Rental Periods commencing on the relevant Lease Commencement Date (each as defined in the relevant Supplemental Lease Agreement) and extending to the relevant Maturity Date (unless the relevant Supplemental Lease Agreement is terminated earlier in accordance with its terms). The Lessor and the Lessee will agree that there will be no obligation to register the lease of the relevant Lease Assets (to the extent such lease is registrable). Under the Lease, the Lessee also covenants to not sell, assign, create any mortgage, charge, pledge, lien or other encumbrance over, or part with possession of or otherwise dispose of, the relevant Lease Assets, except where such disposition of Lease Assets is to a person or entity which is wholly-owned, directly or indirectly, by the Lessee (*provided that* such transferee will not on-sell such Lease Assets to a third party purchaser (i.e., a person or entity which is not wholly-owned, directly or indirectly, by the Lessee) on a freehold or a leasehold basis) or as otherwise permitted by the Transaction Documents.

The Lessee will agree to use the relevant Lease Assets at its own risk. Accordingly, the Lessee shall from the date of the relevant Supplemental Lease Agreement bear the entire risk of loss of or damage to the relevant Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee to the extent that such loss or damage has resulted from the Lessee’s negligence, default, or breach of its obligations under the Lease Agreement. In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Lessee’s use or operation of the relevant Lease Assets.

Under the Lease Agreement, the Lessee will agree to be responsible, at its own cost and expense, for the performance of all Ordinary Maintenance and Repair (as defined in the Master Lease Agreement) required for the Lease Assets. The Lessor shall be responsible for: (i) the performance of all Major Maintenance and Structural Repair, (ii) the payment of any proprietorship or other relevant taxes, and (iii) insuring the Lease Assets, and the Lessee has acknowledged that the Lessor may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, the Major Maintenance and Structural Repair on behalf of the Lessor, the payment of such taxes and the insurance of the Lease Assets.

All payments by the Lessee to the Lessor under each Lease Agreement shall be paid in full without any deduction or withholding for or on account of any Taxes unless required by law and without set-off (save as provided in the Servicing Agency Agreement) or counterclaim of any kind and, in the event that there is any deduction or withholding, the Lessee will agree, in the relevant Supplemental Lease Agreement, to pay all additional amounts as will result in the receipt by the Lessor of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Lessee under each Lease Agreement will be direct, unconditional, unsubordinated and (subject to clause 6.1 of the Purchase

Undertaking and Condition 5.2 (as described below)) unsecured obligations of the Lessee and (subject as aforesaid) will rank at least *pari passu* with all other unsecured, unsubordinated and monetary obligations of the Lessee, present and future.

The rental amounts (less any Services Charge Amount incurred by the Lessor in relation to the relevant Lease Assets for the relevant period) payable under each Lease Agreement will equal the Periodic Distribution Amounts payable on the Periodic Distribution Dates for the relevant Series and will be payable on the same dates as the Periodic Distribution Amounts for the Series are payable or any earlier date on which the lease of the relevant Lease Assets is terminated in accordance with the terms of the Lease Agreement.

Each Lease Agreement will provide that it shall automatically terminate, but without prejudice to any right or remedy the Lessor may have under any Transaction Document or by law, if a Total Loss Event occurs and, in such a case, the Lessor will be entitled to all insurance proceeds payable as a result of the Total Loss Event, together with any accrued and unpaid rental to the date on which the Total Loss Event occurred.

Master Murabaha Agreement

The Master Murabaha Agreement was entered into on 29 December 2016 by ICD (in its capacity as purchaser), the Trustee (in its capacity as seller) and the Delegate and is governed by English law. The Delegate is a party to the Master Murabaha Agreement solely for the purposes of taking the benefit of the provisions therein and assumes no obligations in connection with the Master Murabaha Agreement.

In connection with each Tranche of Trust Certificates under a Series, the Trustee may (acting through a purchase agent) enter into a Murabaha Transaction with ICD, *provided that* the relevant Cost Price is: (a) no more than 49 per cent. of the Aggregate Face Amount of the relevant Tranche; and (b) equal to the Issue Proceeds of the relevant Tranche *less* the purchase price of the relevant Tangible Assets (in the case of the first Tranche under a Series) or the relevant Additional Tangible Assets (in the case of each other Tranche under a Series), in each case, as at the relevant Issue Date.

Pursuant to the Master Murabaha Agreement, in respect of each Tranche of Trust Certificates where the Value of the relevant Tangible Assets or, as the case may be, the relevant Additional Tangible Assets is less than the Aggregate Face Amount or such Tranche, ICD may propose to enter into a Murabaha Contract with the Trustee by delivering a duly completed Purchase Order With Promise to Purchase to the Trustee by 9.00 a.m. (London time) one (1) Business Day prior to the proposed Settlement Date specified therein. As soon as practicable upon the Trustee receiving such a Purchase Order With Promise to Purchase and by no later than 9.00 a.m. (London time) on the applicable Settlement Date, the Trustee shall enter into the purchase agreement with the relevant Supplier for the Commodities which are the subject of the Purchase Order With Promise To Purchase and procure the transfer of the Cost Price payable in respect of such Commodities directly to the relevant Supplier.

As soon as practicable upon completion of the purchase of the Commodities and acquisition of title to the Commodities by the Trustee, and no later than 1.00 p.m. (London time) on the applicable Settlement Date, the Trustee shall confirm the Murabaha Profit and notify ICD of the same by delivering a Confirmation of Terms to ICD.

As soon as practicable upon its receipt of a Confirmation of Terms, and no later than 2.00 p.m. (London time) on the Settlement Date, ICD shall deliver to the Trustee a duly completed Notice of Offer to Purchase. ICD acknowledges that the Trustee will be purchasing Commodities pursuant to a Purchase Order With Promise To Purchase in reliance upon ICD's promise set out therein to purchase such Commodities on the applicable Settlement Date for the relevant Deferred Sale Price from the Trustee after the Trustee has purchased the same from the relevant Supplier. If ICD fails to send a Notice of Offer to Purchase, then it shall be deemed to have failed to purchase the Commodities and ICD shall indemnify the Trustee on demand and hold it harmless from and against all claims, suits, actions, actual costs, expenses, Taxes, liabilities, losses and damages of whatsoever nature suffered or incurred by the Trustee resulting from the failure by ICD to send the Notice of Offer to Purchase.

As soon as practicable upon the Trustee acquiring title to the Commodities which are the subject of a Purchase Order With Promise To Purchase and receiving a duly completed Notice of Offer to Purchase from ICD (in its capacity as purchaser) in respect of such Commodities, and no later than 3.00 p.m. (London time) on the

Settlement Date, the Trustee will deliver to ICD its Notice of Acceptance of Offer. Upon the delivery of a Notice of Acceptance of Offer by the Trustee to ICD, a “**Murabaha Contract**” shall be created between the Trustee and ICD upon the terms of the Confirmation of Terms, Notice of Offer to Purchase and Notice of Acceptance of Offer and incorporating all of the terms and conditions of the Master Murabaha Agreement. Upon the Trustee delivering a Notice of Acceptance of Offer, ownership of and title to the Commodities shall immediately pass to and be vested in ICD, together with all rights and obligations relating thereto.

Pursuant to the terms of the Master Murabaha Agreement and the relevant Murabaha Transaction(s), the Total Deferred Sale Price (as defined herein) of each Series shall be payable upon maturity of the Murabaha Transactions and will coincide with the scheduled or, as the case may be, early redemption of the Trust Certificates as set out under the Conditions. The Total Deferred Sale Price shall be credited directly to the Transaction Account on the business day immediately preceding the Maturity Date or, if earlier, the relevant Dissolution Date. In respect of a redemption of less than 100 per cent. of the Certificates on a Certificateholder Put Right Date, Change of Control Put Date or Optional Dissolution Date, the relevant *pro rata* proportion of the Total Deferred Sale Price of a Series which shall be payable on the relevant Dissolution Date will be determined by multiplying the Total Deferred Sale Price of the relevant Series by the applicable Relevant Percentage (as defined herein).

Pursuant to the terms of the Master Murabaha Agreement, the Trustee may appoint a purchase agent to perform on its behalf all acts and execute all documents necessary for the purchase of the Commodities from the relevant commodity supplier(s) in accordance with the terms of Master Murabaha Agreement.

Each applicable Deferred Sale Price(s) and/or the Total Deferred Sale Price (as applicable) payable to the Trustee under the Master Murabaha Agreement and relevant Murabaha Transactions and the Exercise Price payable by ICD under the Purchase Undertaking or the Sale Undertaking (as applicable), are intended to fund the relevant Dissolution Amount and all accrued but unpaid Periodic Distribution Amounts payable by the Trustee under the Trust Certificates.

Servicing Agency Agreement

The Servicing Agency Agreement was entered into on 29 December 2016 by ICD (in its capacity as Servicing Agent) and ICD Sukuk Company Limited (in its capacity as Trustee) and is governed by English law.

Pursuant to the Servicing Agency Agreement, the Servicing Agent, in respect of each Series, is responsible on behalf of the Trustee for, among other things:

- (a) managing the Asset Portfolio relating to the relevant Series in accordance with the terms of the Servicing Agency Agreement and the servicing plan scheduled thereto;
- (b) in conjunction with acting in its other capacities under the Transaction Documents to which it is a party, use all reasonable endeavours to ensure that at all times at least 51 per cent. of the Value of the Asset Portfolio is derived from or represented by Tangible Assets and no more than 49 per cent. of the Asset Portfolio is derived from or represented by Murabaha Transactions;
- (c) collect and use all reasonable endeavours to ensure the timely receipt of all Asset Portfolio Revenues, investigate non-payment of Asset Portfolio Revenues and generally make all reasonable efforts to collect or enforce the collection of such Asset Portfolio Revenues as and when the same shall become due;
- (d) maintain each of the Collection Accounts and the Reserve Account, as described further in “*Structure Diagram and Cash Flows*”;
- (e) carry out all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement), and maintain appropriate Insurance, in respect of the Lease Assets on behalf of the Trustee; and
- (f) carry out any incidental matters relating to any of the above.

Wherever the Servicing Agent is to procure insurances in accordance with the terms of the Servicing Agency Agreement, it will use its reasonable endeavours to obtain such insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms.

Notwithstanding the appointment of the Servicing Agent, the Lessee shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair required for the Lease Assets.

The Trustee shall reimburse the Servicing Agent any Services Charge Amount (as defined in the Servicing Agency Agreement) that has been incurred during a rental period on the Rental Payment Date (as defined in the Master Lease Agreement) falling at the end of such rental period in which the Services Charge Amount was incurred or, in the case of the final rental period, on the date of termination of the relevant Lease.

An amount equal to any Liquidity Facility Amount and/or Services Charge Amount to be paid by ICD to the Trustee as (or as part of any) Exercise Price under the Purchase Undertaking or the Sale Undertaking (as applicable) or, in the case of Services Charge Amounts only, as (or as part of any) Rental under the Lease shall be set-off against the applicable Liquidity Facility Amount and/or Services Charge Amount to be paid by the Trustee to the Servicing Agent under the Servicing Agency Agreement.

If a Total Loss Event occurs and the terms of the Servicing Agency Agreement relating to insurances are not strictly complied with by the Servicing Agent and as a result the insurance proceeds (if any) credited to the Transaction Account in accordance with the Servicing Agency Agreement is less than the Full Reinstatement Value (as defined below) (the difference between the Full Reinstatement Value and the amount of insurance proceeds credited to the relevant Transaction Account being the “**Total Loss Shortfall Amount**”), then the Servicing Agent acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of this Agreement relating to insurance) irrevocably and unconditionally undertakes to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount, plus all other amounts then due and payable under the Transaction Documents, directly to the Transaction Account by no later than close of business on the 31st day after the Total Loss Event has occurred or, if such day is not a Payment Business Day, on the immediately following Payment Business Day. For these purposes, “**Full Reinstatement Value**” means, in relation to each Series, the then aggregate face amount of the Trust Certificates plus: (i) an amount equal to the Periodic Distribution Amounts relating to such Trust Certificates, which accrue or would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurs and ending on but excluding the date on which the Trust Certificates are redeemed in full in accordance with Condition 10.4; and (ii) all other amounts then due and payable by the Issuer under the Trust Certificates, *less*, where one or more Murabaha Transactions form part of the Asset Portfolio of the relevant Series, the then Total Deferred Sale Price Outstanding of the Series.

The Servicing Agent has agreed in the Servicing Agency Agreement that all payments by it under the Servicing Agency Agreement will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Servicing Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made.

Purchase Undertaking

The Purchase Undertaking was executed as a deed on 29 December 2016 by ICD (in its capacity as Obligor) in favour of ICD Sukuk Company Limited as trustee for the Certificateholders and the Delegate and is governed by English law.

The Obligor has, in relation to each Series, irrevocably undertaken in favour of ICD Sukuk Company Limited and the Delegate to (*provided that* a Total Loss Event has not occurred) purchase all of ICD Sukuk Company Limited’s rights, title, interests, benefits and entitlements in, to and under the Lease Assets (or relevant proportion thereof, in the case of a redemption in part) on the relevant Maturity Date or any Dissolution Date for the relevant Series at the relevant Exercise Price (as defined in the Purchase Undertaking and described further in “*Structure Diagram and Cash Flows*”). If the Trustee or as applicable, the Delegate exercises its rights thereunder (otherwise than in connection with a Dissolution Event), an exercise notice will be required to be delivered by the Trustee or the Delegate under the Purchase Undertaking.

The Obligor has undertaken in the Purchase Undertaking to irrevocably and unconditionally fully accept all or any ownership interest ICD Sukuk Company Limited may have in the Lease Assets (or relevant proportion

thereof, in the case of a redemption in part) and, accordingly, not to dispute or challenge all or any ownership interest ICD Sukuk Company Limited may have in any way and that if (i) it breaches this undertaking or (ii) if it or any administrator, liquidator or receiver of it disputes or challenges the rights, benefits and entitlements of ICD Sukuk Company Limited in and to the Lease Assets (or relevant proportion thereof, in the case of a redemption in part) or (iii) if the sale and purchase of any of ICD Sukuk Company Limited's rights, title, interests, benefits and entitlements in, to and under any part of the Lease Assets (or relevant proportion thereof, in the case of a redemption in part) is not (or is alleged not to be) effective in any jurisdiction for any reason, the Obligor shall fully indemnify ICD Sukuk Company Limited in an amount equal to the Exercise Price payable.

The Obligor has also undertaken in the Purchase Undertaking that if, in relation to any Series, it fails to pay all or part of any Exercise Price when due or any other amounts due and payable by ICD under the Transaction Documents to which it is a party on the Maturity Date or, as the case may be, the relevant Dissolution Date (the "**Outstanding Exercise Price**"), it will automatically continue to lease the Relevant Lease Assets (or relevant proportion thereof, as applicable) from ICD Sukuk Company Limited and act as servicing agent in respect of the Relevant Lease Assets with effect from the date immediately following the due date for payment of the Outstanding Exercise Price until payment of such amounts in full is made by it. For this purpose, "**Relevant Lease Assets**" means the Lease Assets of the relevant Series (or a part thereof having a Value as near as possible to, but not less than, the amount in default).

The Obligor has agreed in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of Taxes unless required by law and without set-off (save in respect of any Liquidity Facility Amount and/or Services Charge Amounts forming part of the relevant Exercise Price) or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Obligor under the Purchase Undertaking are and will be direct, unconditional, unsubordinated and (subject to clause 6.1 of the Purchase Undertaking and Condition 5.2) unsecured obligations of the Obligor and (subject as aforesaid) shall rank at least *pari passu* with all other unsecured, unsubordinated and monetary obligations of the Obligor, present and future.

The Obligor has covenanted in clause 6.1 of the Purchase Undertaking to comply with Condition 5.2. The Obligor will have agreed in such clause that the ICD Events applicable to it are set out in full in the Conditions and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions and the exercise right contained in clause 2.1(a) of the Purchase Undertaking.

Sale Undertaking

The Sale Undertaking was executed as a deed on 29 December 2016 by ICD Sukuk Company Limited as trustee for the Certificateholders in favour of ICD and is governed by English law.

Pursuant to the Sale Undertaking and subject to ICD Sukuk Company Limited being entitled to redeem the Trust Certificates of the relevant Series in accordance with Condition 10.2 or Condition 10.3, ICD may (*provided that* a Total Loss Event has not occurred), by exercising its right under the Sale Undertaking and by giving ICD Sukuk Company Limited not less than the minimum nor more than the maximum number of days notice specified in the applicable Final Terms prior to the relevant Dissolution Date, oblige ICD Sukuk Company Limited to sell all of its rights, title, benefits, interests and entitlements in, to and under the Lease Assets (or relevant proportion thereof, in the case of a redemption in part) of the relevant Series on the relevant Dissolution Date at the Exercise Price (as defined in the Sale Undertaking and described further in "*Structure Diagram and Cash Flows*").

The relevant sale agreement to be entered into pursuant to the Sale Undertaking will provide that the price payable pursuant to the exercise of the Sale Undertaking will be made without any deduction or withholding for or on account of Taxes unless required by law and without set-off (save in respect of any Liquidity Facility Amount or Services Charge Amounts forming part of the relevant Exercise Price) or counterclaim and, in the event that there is any such deduction or withholding, ICD shall pay all additional amounts as will result in the receipt by ICD Sukuk Company Limited of such net amounts as would have been received by it if no deduction or withholding had been made.

In addition, under the terms of the Sale Undertaking, if at any time ICD wishes to cancel any Trust Certificates purchased pursuant to Condition 10.7, ICD may, by exercising its option under the Sale Undertaking (by serving an exercise notice on ICD Sukuk Company Limited) oblige ICD Sukuk Company Limited to transfer all of ICD Sukuk Company Limited's rights, title, interests, benefits and entitlements in, to and under the Cancelled Lease Assets (as defined in such exercise notice) to ICD in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Assets will take effect by ICD and ICD Sukuk Company Limited entering into a sale agreement (in the form scheduled to the Sale Undertaking). Following the entry into such sale agreement, ICD Sukuk Company Limited shall procure the cancellation of the relevant Trust Certificates identified for cancellation in the exercise notice on the Cancellation Date (which shall be a Periodic Distribution Date). Pursuant to the Master Murabaha Agreement, the parties thereto have acknowledged and agreed that where ICD or any of its Subsidiaries have purchased Trust Certificates and ICD wishes to cancel such Trust Certificates and issues an Exercise Notice to that effect pursuant to the Sale Undertaking and Condition 10.7, the relevant *pro rata* portion of the Deferred Sale Price(s) corresponding to the Murabaha Transactions relating to such Cancelled Trust Certificates shall be cancelled and no Deferred Sale Price(s) shall be payable in respect of the Cancelled Trust Certificates.

Substitution and Purchase of Additional Assets Undertaking

The Substitution and Purchase of Additional Assets Undertaking was executed as a deed on 29 December 2016 by ICD Sukuk Company Limited and is governed by English law.

Pursuant to the Substitution and Purchase of Additional Assets Undertaking, ICD Sukuk Company Limited has granted to ICD the right (*provided that* a Total Loss Event has not occurred) to require ICD Sukuk Company Limited to (i) sell any or all of the relevant Lease Assets (the "**Substituted Tangible Assets**") to it in exchange for new Tangible Assets of a Value which is equal to or greater than the Value of the Substituted Tangible Assets and/or (ii) in connection with the exercise by the Issuer of its rights under Condition 19, purchase all of ICD's, or as the case may be, the applicable seller entity's, rights, title, interests, benefits and entitlements in, to and under the Additional Tangible Assets in consideration for the payment by ICD Sukuk Company Limited (as purchaser) to ICD (as seller) of the purchase price therefor pursuant to the relevant sale agreement (such purchase price being equal to the proceeds of the related issuance of Trust Certificates). The substitution of the Substituted Tangible Assets will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by ICD in accordance with the Substitution and Purchase of Additional Assets Undertaking) by ICD Sukuk Company Limited and ICD entering into a sale agreement and the relevant Lease Agreement being re-executed in the manner provided in the Substitution Notice. The purchase of the relevant Additional Tangible Assets will become effective on the Additional Tangible Assets Purchase Date (as specified in the Additional Tangible Assets Notice to be delivered by ICD in accordance with the Substitution and Purchase of Additional Assets Undertaking and being the date upon which the relevant sale agreement described below is entered into) by ICD Sukuk Company Limited, ICD and (if applicable) the relevant seller entity entering into a sale agreement and the relevant Lease Agreement being re-executed in the manner provided in the Additional Tangible Assets Notice. Each sale agreement entered into upon such substitution or (as applicable) purchase will (i) (in the case of a substitution) effect the transfer of ownership rights in the Substituted Tangible Assets from ICD Sukuk Company Limited to ICD and (ii) effect the transfer of ownership rights in the new Tangible Assets or (as applicable) Additional Tangible Assets from ICD (or, in the case of a purchase, the applicable seller entity where relevant) to ICD Sukuk Company Limited and (a) (in the case of a substitution) the Substitution Notice will provide that the new Tangible Assets and any relevant Lease Assets not replaced and/or (b) (in the case of a purchase) the Additional Tangible Assets Notice will provide that the existing Lease Assets and the Additional Tangible Assets, will in each case be leased to the Lessee under the new Lease Agreement.

TAXATION

The following is a general description of certain tax considerations relating to Trust Certificates issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates. Prospective purchasers of any Trust Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of the relevant Trust Certificates and receiving payments under those Trust Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates

There is currently in force in Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments on debt securities (including Periodic Distribution Amounts or Dissolution Amounts in relation to the Trust Certificates). In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 11.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE having the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into “Double Taxation Arrangements” with certain other countries.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in Trust Certificates to be issued under the Programme. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments on Trust Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Trust Certificates nor will gains derived from the disposal of Trust Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Issuer has obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Trust Certificates) of the Issuer or by way of the withholding in whole or part of any relevant payment. No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Trust Certificates. However, an instrument transferring title to any Trust Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$854 (this may be increased from time to time by the Cayman Islands Government). The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transaction tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Trust Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Trust Certificates should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Trust Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Trust Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 29 December 2016 (the “**Programme Agreement**”), agreed with the Issuer and ICD a basis upon which they or any of them may from time to time agree to purchase Trust Certificates. Any such agreement will extend to those matters stated under “*Terms and Conditions of the Trust Certificates*”. In the Programme Agreement, the Issuer (failing which, ICD) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Trust Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling and Transfer Restrictions

United States

The Trust Certificates have not been and will not be registered under the Securities Act nor any state securities laws and may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States.

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer, sell or deliver any Trust Certificates (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Trust Certificates on a syndicated basis, the relevant lead manager, of all Trust Certificates of the Tranche of which such Trust Certificates are a part (the “**distribution compliance period**”), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Trust Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Trust Certificates within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to any Trust Certificates. Terms used in this paragraph have the meanings given to them by Regulation S.

Until 40 days after the commencement of the offering of the Trust Certificates, an offer or sale of Trust Certificates within the United States by any dealer (whether or not participating in the offering) of the Trust Certificates may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Each purchaser of any Trust Certificate and each subsequent purchaser of such Trust Certificates in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Trust Certificates will be deemed to have represented, warranted, agreed and acknowledged that:

1. it is, or at the time the Trust Certificates are purchased will be, the beneficial holder of such Trust Certificates and it has acquired the Trust Certificates in an offshore transaction (within the meaning of Regulation S); and
2. it understands that the Trust Certificates have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Trust Certificates except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Trust Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation

thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Trust Certificates to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Trust Certificates referred to in (a) to (c) above shall require the Issuer, ICD or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Trust Certificates to the public**” in relation to any Trust Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Trust Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU).

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Trust Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Trust Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Trust Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Trust Certificate in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or ICD; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that no offer or invitation (whether directly or indirectly) to subscribe for any Trust Certificates has been or will be made to the public in the Cayman Islands.

Japan

The Trust Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the “**FIEA**”). Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Trust Certificates, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of

Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Trust Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Trust Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the “**DFSA**”); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Trust Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) will comply with Article 10 or Article 11 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “**KSA Regulations**”). through a person authorised by the Capital Market Authority (“**CMA**”) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Trust Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “sophisticated investors” under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Trust Certificates will comply with the KSA Regulations.

Each offer of Trust Certificates shall not therefore constitute a “public offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Trust Certificates pursuant to a private placement under Article 10 or Article 11 of the KSA Regulations may not offer or sell those Trust Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and:

- (a) the Trust Certificates are offered or sold to a “sophisticated investor” (as defined in Article 10 of the KSA Regulations);
- (b) the price to be paid for the Trust Certificates in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or
- (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and will not offer or sell, any Trust Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “**accredited investor**” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar (including the Qatar Financial Centre)

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver directly or indirectly, any Trust Certificates in the State of Qatar including the Qatar Financial Centre, except (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Trust Certificates will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Trust Certificates or caused such Trust Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Trust Certificates or cause such Trust Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of any Trust Certificates, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the SFA, or (b) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Trust Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Trust Certificates pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or

- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than (i) to persons whose ordinary business is to buy and sell shares or debentures (whether as principal or agent); or (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Malaysia

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the CMSA; and

Accordingly, each Dealer has represented and agreed that the Trust Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Trust Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b), and Schedule 9 or Section 257(3) read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Trust Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Trust Certificates as aforesaid without the necessary approvals being in place.

Taiwan

Each Dealer has represented and agreed that the Trust Certificates have not been, and shall not be, offered, sold or re-sold, directly or indirectly to investors other than “professional institutional investors” as defined under Paragraph 2, of Article 4 of the Financial Consumer Protection Act of the Republic of China (“ROC”), which currently includes overseas and domestic (i) banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance surveyors), the foregoing as further described in greater detail in Paragraph 3 of Article 2 of the Organisation Act of the Financial Supervisory Commission, (ii) fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the ROC Securities Investment Trust and Consulting Act, the ROC Future Trading Act or the ROC Trust Enterprise Act or investment assets mandated and delivered by or transferred for trust by financial consumers, and (iii) other institutions recognised by the Financial Supervisory Commission of the ROC.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers any Trust Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Trust Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Trustee, ICD, the Delegate nor any of the other Dealer shall have any responsibility therefor.

None of the Issuer, the Trustee, ICD, the Delegate and the Dealers represents that Trust Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Base Prospectus or any Trust Certificates may come must inform themselves about and observe any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Trust Certificates.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer, ICD and the relevant Dealer shall agree and as shall be set out in the subscription agreement or dealer accession letter, as applicable.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Trust Certificates thereunder have been duly authorised by a resolution of the board of directors of the Issuer dated 15 December 2016 and by a written resolution of the Board dated 15 December 2016. The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Trust Certificates to be issued under the Programme and the execution and performance of the Transaction Documents.

Listing of Trust Certificates

It is expected that each Tranche of Trust Certificates which is to be admitted to the Irish Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of one or more Global Trust Certificates initially representing the Trust Certificates of such Tranche. Application has been made to the Irish Stock Exchange for Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Irish Official List and to be admitted to trading on the Main Securities Market.

Application has also been made to the DFSA for Trust Certificates issued under the Programme to be admitted to the DFSA Official List. The Programme is expected to be admitted to the DFSA Official List on or about 29 December 2016. An application may be made for any Tranche of Trust Certificates to be admitted to trading on Nasdaq Dubai.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Trust Certificates and is not itself seeking admission of the Trust Certificates to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of each of the Issuer and ICD and the specified office of the Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Issuer and Law No. (11) of 2006 (the “**Decree**”) issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum as Ruler of Dubai establishing ICD (with an English translation thereof). The English translation of the Decree is direct and accurate. However, in case of conflict or discrepancy between the Arabic version of the Decree and its English translation, the Arabic version of the Decree shall prevail;
- (b) the Financial Statements;
- (c) the most recently published consolidated audited financial statements of ICD and unaudited condensed consolidated interim financial statements (if any) of ICD, in each case together with any audit or review reports prepared in connection therewith. ICD currently prepares unaudited consolidated interim accounts for the first six months of each year. The Issuer is not required to, publish any interim financial statements under Cayman Islands law;
- (d) the Transaction Documents including each Supplemental Trust Deed, Supplemental Purchase Agreement and Supplemental Lease Agreement in relation to each Tranche;
- (e) this Base Prospectus; and

- (f) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated by reference herein or therein.

This Base Prospectus will be available for viewing on (i) the website of the Central Bank (<http://www.centralbank.ie>) and (ii) the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>).

Clearing Systems

The Trust Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).

The appropriate Common Code and ISIN for each Tranche will be specified in the applicable Final Terms.

If the Trust Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Trust Certificates to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its incorporation.

There has been no significant change in the financial or trading position of ICD or of the Group since 30 June 2016 and there has been no material adverse change in the financial position or prospects of ICD or of the Group since 31 December 2015.

Litigation

None of the Issuer, ICD or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or ICD is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, ICD or the Group.

Auditors

The Issuer is not required by Cayman Islands law to publish audited financial statements or appoint any auditors. The auditors of ICD are Ernst & Young Middle East (Dubai Branch) and their business address is 28th Floor, Al Attar Business Tower, Sheikh Zayed Road, P.O. Box 9267, Dubai, United Arab Emirates. Ernst & Young Middle East (Dubai Branch) is regulated as an auditor in the UAE by the UAE Ministry of Economy. There is no professional institute of auditors in the UAE and, accordingly, Ernst & Young Middle East (Dubai Branch) is not a member of a professional body in the UAE. All of the audit partners of Ernst & Young Middle East (Dubai Branch) are members of the institutes from where they received their professional qualification.

The 2015 Financial Statements and the 2014 Financial Statements have been audited in accordance with International Standards on Auditing by Ernst & Young Middle East (Dubai Branch) as stated in their unqualified reports appearing in this Base Prospectus. The 2016 Interim Financial Statements have been reviewed in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" by Ernst & Young Middle East (Dubai Branch) as stated in their report appearing in this Base Prospectus.

Post-Issuance Information

Save as set out in the applicable Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Trust Certificates.

Shari'a Advisory Boards

The transaction structure relating to Trust Certificates to be issued under the Programme (as described in this Base Prospectus) has been approved by the Shari'a Supervisory Board of Citi Islamic Investment Bank E.C., the Executive Committee of the Fatwa & Shariah Advisory Board of Dubai Islamic Bank PJSC, the J.P. Morgan Shariah Supervisory Committee and the Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in Trust Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in the approval referred to above is in compliance with *Shari'a* principles. The composition of such Sharia supervisory boards are disclosed below.

Shari'a Supervisory Board of Citi Islamic Investment Bank E.C.

- *Dr. Nazih Hammad*

Dr. Nazih Hammad is a graduate of the Faculty of Shari'a at University of Damascus, Syria and holds a Ph. D. in Islamic Jurisprudence from Cairo University, Egypt. He has taught in the Faculty of Shari'a at Um Alqura University, Makkah for 17 years. In addition to advising Citi and other Islamic finance institutions and funds, he is a member of the Islamic Fiqh Academy, Auditing and Accounting Organisation for Islamic Financial Institutions, and Fiqh Islamic Council of North America. Dr. Nazih Hammad is the author of several research papers and books on Islamic jurisprudence and banking and finance.

- *Sheikh Nizam Yaquby (Board and Executive Committee Member)*

Sheikh Nizam Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a BA in economics and comparative religions and MSc in finance from the McGill University, Canada. He is a PhD candidate in Islamic law from the University of Wales. In addition to advising Citi and other Islamic finance institutions and funds, Sheikh Nizam Yaquby is a member of the Islamic Fiqh Academy and AAOIFI. Since 1976, Sheikh Nizam Yaquby has taught Tafsir, Hadith and Fiqh in Bahrain and is a Sharia Advisor to several international and local financial institutions world-wide. He has also published several articles and books on various Islamic subjects including on banking and finance.

- *Dr. Mohamed Ali ElGari*

Dr. Mohamed holds a PhD in Economics from the University of California. He is a professor of Islamic Economics at King Abdul Aziz University. He is an expert at the Islamic Jurisprudence Academies of the Organisation of Islamic Countries and has published several articles and books on Islamic Finance. Dr. Elgari is a member of Sharia Boards of many Islamic banks and Takaful companies including that of Dow Jones International Islamic Fund Market. He also sits in Sharia Boards of AAOIFI and is a member of the Advisory Board of Harvard Series on Islamic Law.

Executive Committee of the Fatwa & Shariah Advisory Board of Dubai Islamic Bank PJSC

- *Dr Hussain Hamed Hassan (Chairman)*

Dr Hussain holds a PhD and is the head of the Sharia Board of Dubai Islamic Bank and a member of Fatwa and Sharia boards of numerous other leading global Islamic finance institutions including Islamic Development Bank (IDB), Jeddah. For over 50 years, he has advised various central banks and regulators, has supervised the establishment and conversion of various Islamic financial institutions and advised Presidents of various Islamic Republics. He has established Islamic universities/faculties worldwide, including in Makkah, Islamabad, Kazakhstan and Libya. He is member of AAOIFI and the Islamic Financial Services Board, the International Fiqh Academy of the Organisation of the Islamic Conference, the Fiqh Academy of Muslim World League, Saudi Arabia and is also a President of American Muslim Jurists Association. Dr Hussain has authored 21 books and over 400 articles, has supervised translation of the Holy Quran into Russian and of 200 Islamic books into various languages.

- *Dr. Mohamed Zoeir*

Dr. Zoeir holds a PhD in Islamic Economy and is a member of many Islamic Banks across the Middle East and Africa. He has authored numerous researches and studies in Islamic Finance and banking. Dr. Zoeir is also Sharia inspector, Secretary General of Board of Sharia at Dubai Islamic Bank, Chief Editor of Islamic Economics magazine.

- *Dr. Muhammad Qaseem*

Dr. Muhammad Qaseem holds a PhD (Islamic Studies) from the Faculty of Usul ud Din, is the country head of Sharia of Dubai Islamic Bank Pakistan Limited (DIBPL) and has served as Sharia Board member of many other institutions. He also has written various articles on Islamic Banking. He has also been teaching various courses in various BA and MA programmes at the International Islamic University, Islamabad (IIUI). Dr. Muhammad Qaseem has many academic contributions, articles and literary and translation work.

- *Dr. Muhammad Abdulrahim Sultan Al- Ulama*

Dr. Muhammad Sultan Al-Ulama holds a PhD in Islamic jurisprudence, is an assistant professor in various universities and a member of numerous academic committees. In addition to his contribution to worldwide seminars and conferences in the area of Islamic finance, he has published numerous articles and reports.

- *Dr. Youssif Abdullah bin Saleh Al Shibly*

Dr. Youssif Al Shibly holds a PhD and is a comparative Fiqh professor in Saudi Arabia. He has contributed and presented many courses and training sessions to judges in Saudi Arabia. Dr. Al Shibly has also worked in Islamic institution in Washington, served as Sharia Board member of many other institutions and has published more than 17 reports and researches.

J.P. Morgan Shariah Supervisory Committee

- *Dr. Abdul Sattar Abu Ghudda (Vice Chairman, Chairman of Executive Committee)*

See biography above under “*Shari’a Supervisory Board of Citi Islamic Investment Bank E.C.*”.

- *Dr. Mohamed Ali ElGari*

See biography above under “*Shari’a Supervisory Board of Citi Islamic Investment Bank E.C.*”.

- *Sheikh Dr. Waleed Bin Hadi*

Sheikh Waleed bin Hadi holds a Masters in Shariah and Law from Omdurman Islamic University (Sudan), and a Ph.D in Shariah from Imam Muhammad Bin Saud al-Islamiyyah University- Riyadh. He started his career as a Judge at the Shariah Court, Qatar. He has written various books and articles on Islamic Faith, Hadith, Usul al-Fiqh ,Islamic Economy, Islamic Finance and Shariah Audit.

Shariah Supervisory Committee of Standard Chartered Bank

- *Dr. Abdul Sattar Abu Ghudda (Vice Chairman, Chairman of Executive Committee)*

Dr. Abdul Sattar Abu Ghudda holds a PhD in Islamic law and comparative Fiqh from the Al Azhar University Cairo, Egypt. He has taught at various institutes, including at the Imam Al Da'awa Institute (Riyadh), the Religious Institute (Kuwait), and at the Sharia College of the Law Faculty in the Kuwait University. He is a Sharia Advisor to several international and local financial institutions world-wide and holds the positions of Sharia Advisor and Director of Department of Financial Instruments at Al-Baraka Investment Co., Saudi Arabia. He is an active member of Islamic Fiqh Academy and the Accounting & Auditing Organisation of Islamic Financial Institutions ("AAOIFI") and is also the Secretary General of the Unified Sharia Supervisory Board of Dallah Albaraka Group, Jeddah. He has also served in the Ministry of Awqaf, Kuwait and has written several books on Islamic finance.

- *Sheikh Nizam Yaquby (Board and Executive Committee Member)*

See biography above under “*Shari’a Supervisory Board of Citi Islamic Investment Bank E.C.*”.

- *Dr. Mohamed Ali ElGari*

See biography above under “*Shari’a Supervisory Board of Citi Islamic Investment Bank E.C.*”.

Dealers Transacting with ICD

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, ICD (and its affiliates) in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/ or instruments of ICD or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the ICD or its affiliates, routinely hedge their credit exposure to ICD consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Trust Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of the Trust Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Delegate’s Action

The Conditions and the Master Trust Deed provide for the Delegate to take action on behalf of the Certificateholders in certain circumstances, but only if the Delegate is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Delegate to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Delegate is unable to take any action, the Certificateholders are permitted by the Conditions and the Master Trust Deed under certain circumstances to take the relevant action directly.

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**Investment Corporation of Dubai
and its subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

30 June 2016

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE OWNER OF INVESTMENT CORPORATION OF DUBAI

Introduction

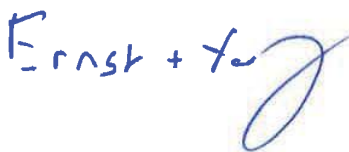
We have reviewed the accompanying interim condensed consolidated financial statements of Investment Corporation of Dubai (“ICD”) and its subsidiaries (collectively referred to as the “Group”), which comprise the interim consolidated statement of financial position as at 30 June 2016 and the related interim consolidated income statement and interim consolidated statement of comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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



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

24 October 2016

Dubai, United Arab Emirates

Investment Corporation of Dubai and its subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2016

		<i>Six-month period ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Continuing operations	<i>Notes</i>		
Revenues	20	82,478,905	89,474,801
Cost of revenues		(62,745,674)	(68,897,309)
		19,733,231	20,577,492
Other income		3,242,642	3,239,151
Net loss from derivative instruments		(522,716)	(132,705)
General, administrative and other expenses		(10,832,772)	(9,925,795)
Net impairment losses on financial assets and equity accounted investees	3	(1,888,022)	(1,962,234)
Other finance income		660,429	507,485
Other finance costs		(1,759,342)	(1,781,617)
Share of results of associates and joint ventures for the period - net	8	1,864,892	2,399,654
PROFIT FOR THE PERIOD BEFORE INCOME TAX FROM CONTINUING OPERATIONS		10,498,342	12,921,431
Income tax expense - net		(325,301)	(327,306)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		10,173,041	12,594,125
Discontinued operations			
Profit for the period from discontinued operations	13	151,350	215,788
PROFIT FOR THE PERIOD		10,324,391	12,809,913
Attributable to:			
The equity holder of ICD		8,210,920	10,687,827
Non-controlling interests		2,113,471	2,122,086
		10,324,391	12,809,913

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2016

	<i>Six-month period ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
PROFIT FOR THE PERIOD	10,324,391	12,809,913
Other comprehensive income		
<i>Other comprehensive income that are / to be reclassified to consolidated income statement in subsequent periods:</i>		
Net movement in fair value of available-for-sale investments	(578,402)	(89,339)
Net movement in fair value of cash flow hedges	581,343	94,898
Foreign currency translation differences (net)	(271,466)	(192,122)
Group's share in other comprehensive income / (loss) of equity accounted investees	174,573	(168,577)
Net other comprehensive income that are / to be reclassified to consolidated income statement in subsequent periods	(93,952)	(355,140)
<i>Other comprehensive income not to be reclassified to consolidated income statement in subsequent periods:</i>		
Actuarial loss on defined benefit plans	(131,969)	(104,136)
Group's share in actuarial loss on defined benefit plans of equity accounted investees	(21,571)	(75,790)
Net other comprehensive income not to be reclassified to consolidated income statement in subsequent periods	(153,540)	(179,926)
Other comprehensive income for the period	(247,492)	(535,066)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,076,899	12,274,847
Attributable to:		
The equity holder of ICD	8,164,885	10,283,051
Non-controlling interests	1,912,014	1,991,796
	10,076,899	12,274,847

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Notes</i>	30 June 2016 AED'000 (Unaudited)	<i>31 December 2015 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	132,619,953	134,112,103
Intangible assets	6	25,728,020	25,122,198
Investment properties	7	15,291,774	8,590,214
Development properties		483,401	326,194
Investments in associates and joint ventures	8	41,355,425	39,567,547
Investments in marketable securities	9	21,496,200	20,652,573
Other non-current assets		21,505,369	23,203,530
Islamic financing and investment products	10	32,891,903	31,531,485
Loans and receivables	11	83,450,621	78,315,082
Cash and deposits with banks	12	2,671,967	3,176,279
Positive fair value of derivatives		2,319,250	2,410,954
Deferred tax assets		160,894	125,487
		379,974,777	367,133,646
Current assets			
Investments in marketable securities	9	6,192,416	6,196,263
Inventories		8,849,111	8,368,332
Trade and other receivables		29,142,328	29,039,325
Islamic financing and investment products	10	28,272,771	26,990,973
Loans and receivables	11	149,206,028	144,597,951
Cash and deposits with banks	12	127,517,333	131,970,401
Positive fair value of derivatives		1,551,391	1,123,452
Customer acceptances		6,055,320	3,712,749
		356,786,698	351,999,446
Assets of disposal group classified as held for sale	13	-	955,791
		356,786,698	352,955,237
TOTAL ASSETS		736,761,475	720,088,883

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2016

	Notes	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	14	65,105,154	65,105,154
Retained earnings		85,972,905	82,717,005
Other reserves	15	13,041,414	14,208,495
		<u>164,119,473</u>	<u>162,030,654</u>
Non-controlling interests	16	34,667,248	34,239,501
Total equity		<u>198,786,721</u>	<u>196,270,155</u>
Non-current liabilities			
Employees' end of service benefits		3,456,026	3,227,677
Borrowings and lease liabilities		118,141,713	111,444,697
Negative fair value of derivatives		2,721,614	2,570,526
Other non-current payables		9,341,578	8,323,213
Customer deposits		8,873,218	3,563,547
Islamic customer deposits		17,979,545	16,323,653
Deferred tax liabilities		728,716	675,541
Repurchase agreements with banks		103,949	248,334
		<u>161,346,359</u>	<u>146,377,188</u>
Current liabilities			
Employees' end of service benefits		3,059	5,117
Borrowings and lease liabilities		59,603,736	63,359,174
Negative fair value of derivatives		1,594,466	1,452,018
Trade and other payables		59,266,381	70,424,782
Customer deposits		211,690,532	197,854,103
Islamic customer deposits		38,091,509	39,955,798
Current income tax liabilities		323,392	356,047
Customer acceptances		6,055,320	3,712,749
		<u>376,628,395</u>	<u>377,119,788</u>
Liabilities of disposal group classified as held for	13	-	321,752
		<u>376,628,395</u>	<u>377,441,540</u>
Total liabilities		<u>537,974,754</u>	<u>523,818,728</u>
TOTAL EQUITY AND LIABILITIES		<u>736,761,475</u>	<u>720,088,883</u>

Director

Director

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2016

		<i>Six-month period ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>			
OPERATING ACTIVITIES			
	Profit before tax from continuing operations	10,498,342	12,921,431
	Profit before tax from discontinued operations	151,350	204,782
Adjustments for:			
	Depreciation and impairment on property, plant and equipment and investment properties (net of reversals)	6,203,820	5,834,052
11	Impairment allowance on loans and receivables - net	953,558	1,470,989
10	Impairment allowance on Islamic financing and investment products - net	506,889	412,625
	Amortisation and impairment of intangible assets and advance lease rental	604,080	511,416
	Net gain on disposal of property, plant and equipment, investment properties, intangible assets and sale and leaseback of aircrafts	(451,039)	(409,824)
	Net gain in fair value of investments carried at fair value through profit or loss	(2,629)	(37,451)
	Impairment loss on available-for-sale investments	228,847	46,655
	Loss on disposal of investment in an associate	3,838	-
	Other finance income	(660,429)	(507,485)
	Other finance costs	1,759,342	1,781,617
8	Share of results of associates and joint ventures - net	(1,864,892)	(2,399,654)
	Provision for employees' end of service benefits	603,650	551,402
13	Loss on disposal of a discontinued operation	48,342	-
13	Reversal of provision on a discontinued operation	(199,692)	-
4	Gain on bargain purchase upon acquisition of subsidiaries	-	(605,950)
	Gain arising on a gifted land	(231,306)	-
		18,152,071	19,774,605
Working capital changes:			
	Inventories	(432,706)	(220,556)
	Trade and other receivables	(5,581,661)	(1,075,678)
	Trade and other payables	(11,373,137)	3,503,368
	Loans and receivables	(10,697,174)	(6,557,836)
	Statutory deposits (banking operations)	3,659,965	449,834
	Deposits with banks with original maturity over three months (banking operations)	433,095	(11,788,758)
	Customer deposits including Islamic customer deposits	18,937,703	15,772,247
	Fair value of derivatives - net	(42,699)	71,554
	Islamic financing and investment products with original maturity over three months	(460,249)	(9,186,308)
	Other non-current assets	1,624,673	1,817,272
	Other non-current payables	641,701	(218,162)
	Net cash generated from operations	14,861,582	12,341,582
	Employees' end of service benefits paid	(547,451)	(421,160)
	Income tax paid	(345,548)	(809,308)
	Exchange translation reserve and other movements	226,274	251,615
	Net cash generated from operating activities	14,194,857	11,362,729

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2016

		<i>Six-month period ended 30 June</i>	
		<u>2016</u>	<u>2015</u>
<i>Notes</i>		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and development properties		(9,581,829)	(9,869,583)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		6,332,394	4,319,261
Proceeds from disposal of investments in associates		36,387	-
Acquisition of subsidiaries – net of cash acquired		(1,416,069)	(1,327,456)
Acquisition of additional non-controlling interest in a direct subsidiary		(52,743)	-
Proceeds from disposal of discontinued operations	13	327,919	-
Other finance income received		660,429	507,485
Net of other movement in investment in marketable securities		(1,225,886)	4,793,826
Investments in associates and joint ventures		(986,239)	(684,937)
Dividend from associates and joint ventures	8	1,356,552	1,267,741
Net movement in deposits with banks with original maturity over three months (non-banking operations)		10,992,127	20,531,464
Net cash generated from investing activities		6,443,042	19,537,801
FINANCING ACTIVITIES			
Interest on Tier 1 Capital Notes issued by a banking subsidiary		(294,550)	(294,750)
Distribution to the Government		(6,015,765)	(6,374,337)
Net movement in borrowings and lease liabilities		4,832,399	7,075,589
Net movement in repurchase agreements with banks		(144,385)	150,688
Other finance costs paid		(1,759,342)	(1,781,617)
Dividend paid to the non-controlling interests		(1,234,218)	(1,184,782)
Directors' fees paid		(14,295)	(9,831)
Net cash used in financing activities		(4,630,156)	(2,419,040)
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,007,743	28,481,490
Cash and cash equivalents relating to disposal group classified as held for sale	13	-	(274,886)
Cash and cash equivalents at the beginning of the period		33,868,945	25,745,978
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		49,876,688	53,952,582

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2016

Cash and cash equivalents noted above include the following:

	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	30 June 2015 AED'000 (Unaudited)
Cash and deposits with banks - current	127,517,333	131,970,401	129,357,479
Islamic financing and investment products with original maturity of less than three months	4,114,472	1,425,618	10,844,332
Due to banks	(16,017,118)	(18,822,719)	(15,295,880)
Bank overdrafts	(298,460)	(390,650)	(321,351)
	115,316,227	114,182,650	124,584,580
Due to banks with original maturity of more than three months	6,034,079	5,740,788	6,725,148
Deposits with Central Banks for regulatory purposes (note 12)	(26,733,282)	(30,393,247)	(24,193,256)
Murabahas and interest bearing certificates of deposits with Central Banks with original maturity of more than three months	(16,402,475)	(6,300,000)	(10,500,000)
Due from other banks and deposits with other banks with original maturity of more than three months	(28,337,861)	(49,361,246)	(42,663,890)
	49,876,688	33,868,945	53,952,582

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six-month period ended 30 June 2016

	Attributable to the equity holder of ICD				
	Capital AED'000 (see note 14)	Retained earnings AED'000	Other reserves AED'000 (see note 15)	Total AED'000	Total equity AED'000
Balance at 1 January 2016	65,105,154	82,717,005	14,208,495	162,030,654	196,270,155
Profit for the period	-	8,210,920	-	8,210,920	10,324,391
Other comprehensive income for the period	-	(153,540)	107,505	(46,035)	(247,492)
Total comprehensive income for the period	-	8,057,380	107,505	8,164,885	10,076,899
Distribution paid to the Government	-	(6,015,765)	-	(6,015,765)	(6,015,765)
Interest on Tier 1 capital notes	-	-	-	-	(294,550)
Directors' fees in subsidiaries, associates and joint ventures	-	(14,295)	-	(14,295)	(14,295)
Dividend paid to the non-controlling interests	-	-	-	-	(1,234,218)
Arising on acquisition of subsidiaries	-	-	-	-	109,130
Transfers	-	(5,889)	9,942	4,053	(4,053)
Transfer on reduction of share capital of an indirect subsidiary	-	1,256,420	(1,256,420)	-	-
Change in ownership	-	(24,994)	21,771	(3,223)	(49,520)
Arising on disposal of a discontinued operation (see note 13 (c))	-	-	-	-	(12,087)
Other movements	-	3,043	(49,879)	(46,836)	1,031
Balance at 30 June 2016	65,105,154	85,972,905	13,041,414	164,119,473	198,786,721

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)

For the six-month period ended 30 June 2016

	Attributable to the equity holder of ICD					
	Capital AED '000 (see note 14)	Retained earnings AED '000	Other reserves AED '000 (see note 15)	Discontinued operations AED '000	Total AED '000	Total equity AED '000
Balance at 1 January 2015	64,582,949	71,266,173	16,132,992	-	151,982,114	190,026,047
Profit for the period	-	10,687,827	-	-	10,687,827	12,809,913
Other comprehensive income for the period	-	18,451	(423,227)	-	(404,776)	(535,066)
Total comprehensive income for the period	-	10,706,278	(423,227)	-	10,283,051	12,274,847
Reserves relating to a discontinued operation (see note 13)	-	-	4,068	(4,064)	4	-
Distribution paid to the Government	-	(6,374,337)	-	-	(6,374,337)	(6,374,337)
Interest on Tier 1 capital notes	-	-	-	-	-	(294,750)
Directors' fees in subsidiaries, associates and joint ventures	-	(9,831)	-	-	(9,831)	(9,831)
Dividend paid to non-controlling interests	-	-	-	-	-	(1,184,782)
Arising on acquisition of subsidiaries	-	-	-	-	-	836,317
Transfers	-	(115,365)	115,365	-	-	-
Change in ownership (see note 4 (g))	-	340,364	(1,709)	-	338,655	(430,530)
Arising on dilution of investment in an indirect associate	-	(23,608)	191,729	-	168,121	168,121
Other movements	-	(36,543)	(40,867)	-	(77,410)	(56,016)
Balance at 30 June 2015	64,582,949	75,753,131	15,978,351	(4,064)	156,310,367	195,293,741

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

1 ACTIVITIES

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

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

These interim condensed consolidated financial statements for the six-month period ended 30 June 2016 were approved by the Board of Directors of ICD on 24 October 2016.

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

2.1 BASIS OF PREPARATION

a) Statement of compliance

The interim condensed consolidated financial statements of ICD and its subsidiaries (together referred to as the “Group”) for the six-month period ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”).

These interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2015. In addition, results for the six-month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

b) Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of available-for-sale investments, financial assets measured at fair value through profit or loss and derivatives.

c) Functional and presentation currency

The interim condensed consolidated financial statements are prepared in United Arab Emirates (“UAE”) Dirhams (“AED”), which is the functional and presentation currency of ICD, as rounded off to the nearest thousand (“AED’000”) except when otherwise indicated.

d) Use of estimates and judgements

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, significant judgement is exercised by management in applying the Group’s accounting policies. The key sources of estimation and uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2015.

e) Comparative information

Certain comparative figures have been reclassified, either to conform with the current period’s classification, for better presentation of the interim condensed consolidated financial statements, or in accordance with the relevant requirement of IFRS.

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards (including International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”)), amendments to the existing standards and interpretations effective as of 1 January 2016. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

The nature and the impact of the new standards / amendments are described below:

IFRS 14 Regulatory Deferral Accounts

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

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

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

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. These amendments do not have any significant impact on the interim condensed consolidated financial statements of the Group.

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. This is consistent with the Group's current accounting policy, and thus these amendments do not impact the interim condensed consolidated financial statements of the Group.

Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants

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

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016. These amendments are applicable to separate financial statements, and thus do not impact the interim condensed consolidated financial statements of the Group.

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

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

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

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

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments do not impact the interim condensed consolidated financial statements of the Group, as no separate interim financial report is prepared.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

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

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

Annual Improvements 2012-2014 Cycle (continued)

Amendments to IAS 1 Disclosure Initiative (continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statement of financial position, consolidated income statement and consolidated statement of other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

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

**3 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND EQUITY ACCOUNTED
INVESTEES**

This includes impairment losses (net of recoveries) amounting to AED 1,460,447 thousand (unaudited) (six-month period ended 30 June 2015: AED 1,883,614 thousand (unaudited)) relating to loans and receivables and Islamic financing and investment products held by the Group's subsidiary engaged in banking operations (see notes 10 and 11).

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS

a) Acquisition of Adriatic Marinas d.o.o.

During the current period, the Group acquired 100% of the shares in Adriatic Marinas d.o.o. ("ADM"). ADM is the operator of Porto Montenegro, a deep water luxury yacht marina, residential buildings, a hotel and a marina village.

The Group has recorded provisional fair values of the assets and liabilities of Adriatic Marinas d.o.o at the date of acquisition as summarised below:

	<i>Provisional fair values* AED'000</i>
Property, plant and equipment	203,054
Investment properties	537,307
Development properties	140,591
Other non-current assets	8,408
Inventories	11,385
Trade and other receivables	54,247
Cash and deposits with banks	3,164
Deferred tax assets	6,740
Borrowings	(130,492)
Other non-current payables	(198,586)
Trade and other payables	(42,457)
Provisional fair value of the net assets acquired*	593,361
Goodwill (provisional)*	278,144
Purchase consideration	871,505
Consideration paid to acquire ownership	722,520
Consideration paid to acquire loan	148,985
	871,505
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	3,164
Consideration paid	(871,505)
Net cash outflow on acquisition	(868,341)

Costs of acquisition have been charged to the interim consolidated income statement for the six-month period ended 30 June 2016.

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

*Provisional goodwill represents the difference between the provisional fair value of net assets acquired and the purchase consideration. A purchase price allocation exercise is currently in progress and the goodwill will be adjusted once the exercise is complete. The Group has a one year measurement period from the date of acquisition to determine the fair values of identifiable assets and liabilities.

The acquired entity contributed revenue of AED 27,357 thousand and a loss of AED 8,147 thousand from the acquisition date to 30 June 2016. If the acquisition had taken place at the beginning of the period, the contribution to the Group's revenue and loss would have been AED 43,270 thousand and AED 32,557 thousand respectively.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

b) Acquisition of Transecure LLC

As at 31 December 2015, one of the subsidiaries of the Group had 99% legal ownership and 50% economic interest in Transecure LLC ("Transecure"). During the current period, the Group obtained 100% control of Transecure by acquiring the remaining 50% economic interest. The step acquisition did not result in any significant fair value gain or loss.

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

	<i>Fair values</i> <i>AED'000</i>
Property, plant and equipment	171,533
Intangible assets	48,355
Other non-current assets	19,536
Cash and deposits with banks	2,951
Other non-current liabilities	(122,101)
Borrowings and lease liabilities	(52,008)
Trade and other payables	(6,621)
Fair value of the net assets acquired	61,645
Purchase consideration (see below)	61,645
Consideration paid for additional acquisition	55,000
Acquisition date fair value of previously held investment	6,645
Total purchase consideration	61,645
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	2,951
Consideration paid	(55,000)
Net cash outflow on acquisition	(52,049)

Costs of acquisition have been charged to the interim consolidated income statement for the six-month period ended 30 June 2016.

The acquired entity contributed revenue of AED 4,946 thousand and a profit of AED 1,514 thousand from the acquisition date to 30 June 2016. If the acquisition had taken place at the beginning of the period, the contribution to the Group's revenue and profit would have been AED 9,892 thousand and AED 3,028 thousand respectively.

c) Acquisition of Airport Handling SpA

During the current period, one of the subsidiaries of the Group acquired 30% shareholding of Airport Handling SpA ("AH"). AH provides a variety of passenger, ramp, baggage and cargo handling services to over 60 airlines in Malpensa International Airport and Linate Airport, Italy.

The subsidiary also entered into a call and put option arrangement to acquire an additional 40% interest at a fixed price or to sell its current 30% interest at fair value. The call option can be exercised between 18 to 26 months from the date of acquisition and the put option can be exercised within one month from the expiry date of the call option period. The amount payable on the exercise of the call option is included in trade and other payables. The management has concluded that the Group is in a position to exercise control on AH by virtue of its equity interest and options.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

c) Acquisition of Airport Handling SpA (continued)

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

	<i>Provisional fair values* AED'000</i>
Property, plant and equipment	63,065
Intangible assets	48
Trade and other receivables	99,339
Other non-current assets	804
Cash and deposits with banks	67,732
Trade and other payables	(111,942)
Provisional fair value of the net assets acquired*	119,046
Less: Fair value of non-controlling interests	(83,330)
Group's share of net assets acquired (provisional)*	35,716
Purchase consideration	(30,146)
Gain on bargain purchase (provisional)*	5,570
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	67,732
Consideration paid	(30,146)
Net cash inflow on acquisition	37,586

Costs of acquisition have been charged to the interim consolidated income statement for the six-month period ended 30 June 2016.

*Provisional gain on bargain purchase represents the difference between the provisional fair value of net assets acquired and the purchase consideration. A purchase price allocation exercise is currently in progress and the gain on bargain purchase will be adjusted once the exercise is complete. The Group has a one year measurement period from the date of acquisition to determine the fair values of identifiable assets and liabilities.

The acquired entity contributed revenue of AED 114,197 thousand and a profit of AED 2,028 thousand from the acquisition date to 30 June 2016. If the acquisition had taken place at the beginning of the period, the contribution to the Group's revenue and profit would have been AED 222,595 thousand and AED 2,982 thousand respectively.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

d) Acquisition of dnata Aviation Services US Inc.

During the current period, the Group acquired the 100% ownership of Ground Services International, Inc. (“GSI”) and Metro Air Service, Inc. (“Metro”) based in Detroit, Michigan, United States through a wholly owned subsidiary dnata aviation services US Inc. GSI and Metro are leading ground handling and United States postal services handling providers; together they have a presence in 31 international airports of the United States.

The Group has provisionally recorded the fair value of assets and liabilities of dnata Aviation Services US Inc. at the date of acquisition, which are summarised below:

	<i>Provisional fair values* AED’000</i>
Property, plant and equipment	101,566
Intangible assets	88,152
Trade and other receivables	2,891
Cash and deposits with banks	7,956
Trade and other payables	(496)
Provisional fair value of the net assets acquired*	200,069
Goodwill (provisional)*	314,152
Purchase consideration (see below)	514,221
Contingent consideration	18,365
Consideration paid	495,856
Total purchase consideration	514,221
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	7,956
Consideration paid	(495,856)
Net cash outflow on acquisition	(487,900)

Costs of acquisition have been charged to the interim consolidated income statement for the six-month period ended 30 June 2016.

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

*Provisional goodwill represents the difference between the provisional fair value of net assets acquired and the purchase consideration. A purchase price allocation exercise is currently in progress and the goodwill will be adjusted once the exercise is complete. The Group has a one year measurement period from the date of acquisition to determine the fair values of identifiable assets and liabilities.

The acquired entity contributed revenue of AED 115,104 thousand and a profit of AED 6,354 thousand from the acquisition date to 30 June 2016. If the acquisition had taken place at the beginning of the period, the contribution to Group’s revenue and profit would have been AED 233,191 thousand and AED 9,065 thousand respectively.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

e) Acquisition of Kerzner International Holdings Ltd

During 2015, the Group gained control of Kerzner International Holdings Ltd (“Kerzner”) previously being held as an associate and started accounting for its investment in this entity as a subsidiary.

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

f) Acquisition of Imdaad LLC

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

g) *Additional stake in Dubai Aerospace Enterprise (DAE) Limited*

During 2015, the Group acquired an additional stake for AED 91,875 thousand in one of its subsidiaries, Dubai Aerospace Enterprise (“DAE”), thus increasing its ownership from 68.36% to 80.53%. As a result, AED 430,530 thousand of non-controlling interests acquired by the Group were transferred from “non-controlling interest” to “equity attributable to the equity holder of ICD” and classified as “change in ownership” in the interim consolidated statement of changes in equity.

h) *Acquisition of Canal Point FZE*

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

i) *Acquisition of Ssangyong Engineering & Construction Co., Ltd.*

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

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

As at 30 June 2016, included in the approved rehabilitation plan were performance bonds and payment guarantees of AED 3,921,626 thousand (unaudited) (31 December 2015: AED 12,909,014 thousand (audited)) issued by Ssangyong in the normal course of business. Management carried out a detailed review and assessed how much of these contingent liabilities would crystallise. As a result, it was estimated that only AED 232,653 thousand (unaudited) (31 December 2015: AED 372,722 thousand (audited)) may crystallise and accordingly recorded a provision for “rehabilitation liabilities” in the interim consolidated statement of financial position as at 30 June 2016, of AED 219,456 thousand (31 December 2015: AED 218,089 thousand (audited)) and AED 13,197 thousand (31 December 2015: AED 154,633 thousand (audited)) , under “other non-current payables” and “trade and other payables” respectively. In line with the rehabilitation plan as approved by the Court, as at 30 June 2016, AED 23,524 thousand (31 December 2015: AED 35,177 thousand (audited)) of these rehabilitation liabilities are to be settled in cash, and the balance of AED 209,129 thousand (31 December 2015: AED 337,545 thousand (audited)) would be subject to a debt to equity swap settlement. The fair value of Ssangyong’s shares to be issued under the swap is AED 4,983 thousand as at 30 June 2016 (31 December 2015: AED 8,048 thousand (audited)), based on the valuation carried out by an independent third party.

As a result, the Group recorded a derivative asset of AED 204,146 thousand (31 December 2015: AED 329,497 thousand (audited)). This is accounted for and included under “positive fair value of derivatives” in the interim condensed consolidated statement of financial position as at 30 June 2016.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

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

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

	<i>Fair values</i> <i>AED'000</i>
Property, plant and equipment	41,846
Intangible assets	15,057
Investment properties	88,784
Investments in associates and joint ventures	507
Investments in marketable securities	193,714
Other non-current assets	644,868
Cash and deposits with banks	443,938
Positive fair value of derivatives	573,270
Deferred tax assets	33,483
Inventories	13,070
Trade and other receivables	1,277,875
Employees' end of service benefits	(157,197)
Other non-current payables	(870,254)
Trade and other payables	(1,175,955)
Fair value of net assets acquired	1,123,006
Less: Fair value of non-controlling interests	(61,754)
Group's share of net assets acquired	1,061,252
Purchase consideration	(574,340)
Gain on bargain purchase	486,912
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	443,938
Consideration paid	(574,340)
Net cash outflow on acquisition	(130,402)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

j) Acquisition of Toll Dnata Airport Services Pty Ltd

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

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

	<i>Fair values</i> <i>AED'000</i>
Property, plant and equipment	50,974
Intangible assets	1,646
Deferred tax assets	13,147
Trade and other receivables	77,639
Cash and deposits with banks	12,567
Employees' end of service benefits	(10,425)
Borrowings and lease liabilities	(29,510)
Trade and other payables	(76,850)
Fair value of the net assets acquired	39,188
Purchase consideration (see below)	39,188
Consideration paid for additional acquisition	21,948
Acquisition date fair value of previously held investment	17,240
Total purchase consideration	39,188
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	12,567
Consideration paid	(21,948)
Net cash outflow on acquisition	(9,381)

k) Acquisition of Hotel Washington Corporation (Cayman) (“HW Hotel”)

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

k) *Acquisition of Hotel Washington Corporation (Cayman) ("HW Hotel") (continued)*

	<i>Fair values AED'000</i>
Property, plant and equipment	564,109
Cash and deposits with banks	20,186
Inventories	1,606
Trade and other receivables	11,672
Borrowings and lease liabilities	(374,144)
Trade and other payables	(224,359)
Fair value of net assets acquired	(930)
Goodwill	930
Purchase consideration	USD 1
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	20,186
Net cash inflow on acquisition	20,186

l) *Acquisition of Columbus Center Corporation (Cayman) ("Columbus Hotel")*

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

l) Acquisition of Columbus Center Corporation (Cayman) ("Columbus Hotel") (continued)

	<i>AED'000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	60,255
Consideration paid	(439,023)
	<hr/>
Net cash outflow on acquisition	(378,768)
	<hr/> <hr/>

m) Acquisition of dnata BV

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

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

	<i>Fair values AED'000</i>
Property, plant and equipment	3,762
Intangible assets	24,143
Deferred tax assets	2,396
Trade and other receivables	23,154
Cash and deposits with banks	38,775
Employees' end of service benefits	(13,278)
Other non-current payables	(1,289)
Deferred tax liabilities	(6,029)
Trade and other payables	(24,239)
	<hr/>
Fair value of net assets acquired	47,395
Goodwill	58,439
	<hr/>
Purchase consideration	105,834
	<hr/> <hr/>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	38,775
Consideration paid	(105,834)
	<hr/>
Net cash outflow on acquisition	(67,059)
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Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

4 BUSINESS COMBINATIONS (continued)

n) *Plafond Fit Out LLC*

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

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

	<i>Fair values AED'000</i>
Property, plant and equipment	1,049
Intangible assets	22,866
Other non-current assets	1,118
Trade and other receivables	133,847
Cash and deposits with banks	51
Other non-current payables	(3,812)
Trade and other payables	(114,055)
Fair value of net assets acquired	41,064
Goodwill	65,920
Purchase consideration (see below)	106,984
Consideration paid for additional acquisition	22,000
Acquisition date fair value of previously held investment	84,984
Total purchase consideration	106,984
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	51
Consideration paid	(22,000)
Net cash outflow on acquisition	(21,949)

o) *Nigma Lifts Installations & Maintenance Co. LLC*

During 2015, one of the subsidiaries of the Group acquired 99% ownership of Nigma Lifts Installations & Maintenance Co. LLC (“Nigma”) for a consideration of AED 11,000 thousand. Nigma is engaged in providing facilities management and ancillary services.

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

5 PROPERTY PLANT AND EQUIPMENT

	<i>Land, buildings and leasehold improvements</i> AED'000	<i>Furniture, fixtures and office equipment</i> AED'000	<i>Plant, machinery and vehicles</i> AED'000	<i>Oil and gas interests</i> AED'000	<i>Aircraft</i> AED'000	<i>Aircraft engines and parts</i> AED'000	<i>Capital work-in-progress</i> AED'000	<i>Total</i> AED'000
Six-month period ended 30 June 2016 (Unaudited)								
Additions during the period	342,166	235,066	1,777,671	915,446	256,530	142,132	6,201,945	9,870,956
Disposals during the period (net book value)	21,597	49,490	68,860	4	5,646,906	40,610	20,860	5,848,327
Impairment and depreciation charge for the period	704,190	303,338	1,639,170	795,461	2,442,709	255,939	-	6,140,807
Acquired on business combinations	327,157	14,499	224,413	-	-	-	2,347	568,416
Six-month period ended 30 June 2015 (Unaudited)								
Additions during the period	311,373	165,291	1,245,168	1,124,050	385,828	133,608	8,258,834	11,624,152
Disposals during the period (net book value)	352,079	1,612	92,059	-	2,691,985	195,261	140,970	3,473,966
Impairment and depreciation charge for the period	666,223	288,772	1,511,868	813,491	2,311,268	184,621	-	5,776,243
Acquired on business combinations	1,914,163	91,078	102,556	-	4,348	-	47,673	2,159,818
Transfer to assets held for sale (net book value)	177,462	17,610	299,340	-	-	70,630	22,550	587,592

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

6 INTANGIBLE ASSETS

	Licences and exclusive rights AED'000	Goodwill AED'000	Customer relationships and trade names AED'000	Computer software AED'000	Service rights AED'000	Brands and Contractual rights AED'000	Capital work-in- progress AED'000	Total AED'000
<i>Six-month period ended 30 June 2016 (Unaudited)</i>								
Additions during the period	-	-	21	33,964	167,728	-	194,985	396,698
Impairment and amortisation charge for the period	201,911	-	33,485	103,568	54,074	44,240	-	437,278
Acquired on business combinations	-	669,654	167,967	-	-	35,600	-	873,221
<i>Six-month period ended 30 June 2015 (Unaudited)</i>								
Additions during the period	48,815	14,193	4,256	51,744	23,957	-	108,803	251,768
Impairment and amortisation charge for the period	232,787	-	36,990	73,944	45,478	34,650	-	423,849
Acquired on business combinations	-	151,128	130,672	11,642	4,906	1,840,969	1,462	2,140,779
Transfer to assets held for sale (net book value)	156,070	3,665,211	57,554	-	-	220,063	-	4,098,898

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

7 INVESTMENT PROPERTIES

	<i>Six-month period ended 30 June</i>	
	<i>2016 AED'000 (Unaudited)</i>	<i>2015 AED'000 (Unaudited)</i>
Additions during the period	6,197,639	653,647
Acquired on business combinations (see note 4)	537,307	399,862
Depreciation and impairment charge for the period	70,757	57,809

8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Investment in associates	25,122,857	24,094,043
Investment in joint ventures	16,232,568	15,473,504
	41,355,425	39,567,547

	<i>Six-month period ended 30 June</i>	
	<i>2016 AED'000 (Unaudited)</i>	<i>2015 AED'000 (Unaudited)</i>
Investments made during the period*	1,278,879	1,243,479
Share of results of associates and joint ventures for the period - net	1,864,892	2,399,654
Dividends received during the period	1,356,552	1,267,741
Carrying value on the date of conversion of previously owned joint venture / associate to subsidiary (see note 4 (b) and (e))	6,955	1,888,595

* During the current period, the Group had subscribed to AED 948,495 thousand (unaudited) of right shares issued by one of its associates. The shares have subsequently been listed on Dubai Financial Market ("DFM") after obtaining all regulatory approvals.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

9 INVESTMENTS IN MARKETABLE SECURITIES

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Available-for-sale investments	24,237,129	23,164,932
Held-to-maturity investments	1,105,497	1,164,494
Fair value through profit or loss	2,345,990	2,519,410
Total investment in marketable securities	27,688,616	26,848,836
Disclosed as follows:		
Non-current assets	21,496,200	20,652,573
Current assets	6,192,416	6,196,263
	27,688,616	26,848,836

During 2015, a subsidiary of the Group sold its investment in the London Stock Exchange (“LSE”), classified as available-for-sale investment, for a consideration of USD 2 billion (AED 7.4 billion).

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group holds the following financial instruments measured at fair value:

<i>30 June 2016 (Unaudited)</i>	<i>Financial instruments carried at fair value</i>			
	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Available-for-sale investments	24,237,129	15,201,683	6,628,850	2,406,596
Fair value through profit or loss	2,345,990	2,081,136	164,828	100,026
Derivative financial instruments - net	(445,439)	(137,132)	(504,169)	195,862
	26,137,680	17,145,687	6,289,509	2,702,484

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

9 INVESTMENTS IN MARKETABLE SECURITIES (continued)

31 December 2015 (Audited)

	<i>Financial instruments carried at fair value</i>			
	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Available-for-sale investments	23,164,932	14,712,332	5,970,674	2,481,926
Fair value through profit or loss	2,519,410	2,179,325	108,849	231,236
Derivative financial instruments - net	(488,138)	288,054	(1,100,900)	324,708
	<u>25,196,204</u>	<u>17,179,711</u>	<u>4,978,623</u>	<u>3,037,870</u>

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

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

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Balance at the beginning of the period	3,037,870	2,968,343
Investments made during the period	8,433	23,755
Settlements / disposals during the period	(367,630)	(110,151)
Arising on business combination	-	763,768
Net fair value movement during the period	23,811	63,429
Net transfers from Level 1 and Level 2	-	80,598
Conversion of previously owned investment to subsidiary	-	(418,101)
Balance at the end of the period	<u>2,702,484</u>	<u>3,371,641</u>

10 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Murabaha	32,379,787	30,737,811
Ijara	18,914,346	15,124,343
Wakala	13,399,381	16,587,700
Mudaraba	557,322	188,708
Istissna'a	1,417,112	1,180,460
Credit card receivables	955,040	896,408
Others	946,921	979,372
	<u>68,569,909</u>	<u>65,694,802</u>
Less: Deferred income	(2,539,702)	(2,533,031)
Less: Allowance for impairment (see note (b))	(4,865,533)	(4,639,313)
Net Islamic financing and investment products	<u>61,164,674</u>	<u>58,522,458</u>
Total of impaired Islamic financing and investment products	<u>5,553,477</u>	<u>5,820,107</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

10 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

(a) *Analysis by economic activity:*

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Services and personal	34,656,811	30,431,419
Construction and real estate	10,505,387	9,408,400
Trade	3,583,980	2,872,553
Financial services	14,093,722	17,217,200
Transport and communication	1,497,413	1,301,352
Manufacturing	1,168,073	1,811,992
Agriculture and allied activities	27,686	17,389
Others	3,036,837	2,634,497
	68,569,909	65,694,802
Less: Deferred income	(2,539,702)	(2,533,031)
Less: Allowance for impairment (see note (b))	(4,865,533)	(4,639,313)
Net Islamic financing and investment products	61,164,674	58,522,458
Disclosed as follows:		
Non-current assets	32,891,903	31,531,485
Current assets	28,272,771	26,990,973
Net Islamic financing and investment products	61,164,674	58,522,458

(b) *Movement in allowances for impairment:*

	<i>Six-month period ended 30 June</i>	
	<i>2016 AED'000 (Unaudited)</i>	<i>2015 AED'000 (Unaudited)</i>
Balance at the beginning of the period	4,639,313	4,222,473
Allowance for impairment made during the period (net of recoveries (see note 3))	506,889	412,625
Write-offs during the period	(280,802)	(308,192)
Exchange and other adjustments	133	198
Balance at the end of the period	4,865,533	4,327,104

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016

11 LOANS AND RECEIVABLES

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

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Overdrafts	107,937,442	101,438,537
Time loans	127,604,418	124,044,954
Loans against trust receipts	8,527,025	8,244,741
Bills discounted	2,525,397	2,640,618
Credit card receivables	4,715,264	4,493,159
Others	594,584	606,838
	<u>251,904,130</u>	<u>241,468,847</u>
Other debt instruments	94,998	114,314
Less: allowance for impairment (see note (b))	(19,342,479)	(18,670,128)
Net loans and receivables	<u>232,656,649</u>	<u>222,913,033</u>

Disclosed as follows:

Non-current assets	83,450,621	78,315,082
Current assets	149,206,028	144,597,951
Net loans and receivables	<u>232,656,649</u>	<u>222,913,033</u>
Total of impaired loans and receivables	<u>14,884,901</u>	<u>15,091,904</u>

(a) Analysis by economic activity:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Services (includes financial services)	26,068,288	25,363,475
Personal	35,749,460	33,842,736
Sovereign	124,844,727	119,164,348
Construction and real estate	38,159,115	36,987,955
Manufacturing	8,209,824	7,567,864
Trade	13,393,414	12,845,359
Transport and communication	4,098,619	4,262,766
Mining and quarrying	514,476	507,313
Agriculture and allied activities	104,876	159,128
Others	856,329	882,217
	<u>251,999,128</u>	<u>241,583,161</u>
Loans and receivables before allowance for impairment	251,999,128	241,583,161
Less: allowance for impairment (see note (b))	(19,342,479)	(18,670,128)
Net loans and receivables	<u>232,656,649</u>	<u>222,913,033</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 LOANS AND RECEIVABLES (continued)

(b) Movement in allowances for impairment:

	<i>Six-month period ended 30 June</i>	
	<i>2016 AED'000 (Unaudited)</i>	<i>2015 AED'000 (Unaudited)</i>
Balance at the beginning of the period	18,670,128	16,870,983
Allowance for impairment made during the period (net of recoveries (see note 3))	953,558	1,470,989
Write-offs during the period	(268,350)	(120,149)
Exchange and other adjustments	(12,857)	(6,154)
Balance at the end of the period	<u>19,342,479</u>	<u>18,215,669</u>

12 CASH AND DEPOSITS WITH BANKS

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

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

a) Standard Aero Inc. ("Standard Aero")

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

The results and cash flows of the discontinued operations included in the Group's interim consolidated income statement and consolidated statement of cash flows for the period are as follows:

	<i>Six-month period ended 30 June</i>	
	<i>2016 AED'000 (Unaudited)</i>	<i>2015 AED'000 (Unaudited)</i>
Revenue	-	3,151,713
Cost of revenues	-	(2,679,340)
General, administrative and other expenses	-	(193,287)
Other income	-	38,970
Other finance costs	-	(113,275)
Profit for the period before income tax from discontinued operations	-	204,781
Reversal of provision*	199,692	-
Income tax benefit	-	11,007
Profit for the period from discontinued operations	<u>199,692</u>	<u>215,788</u>

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13 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATIONS (continued)

a) *Standard Aero Inc. ("Standard Aero") (continued)*

*During the prior year, the Group had recognised a provision of AED 199,692 thousand in relation to Standard Aero. During the current period, the management assessed that this provision is no longer necessary. As a result, this provision was reversed to the interim consolidated income statement during the current period.

The cash flow information of the discontinued operations are set out below:

	<i>Six-month period ended 30 June</i>	
	2016 AED'000 (Unaudited)	2015 AED'000 (Unaudited)
Net cash generated from operating activities	-	199,320
Net cash used in investing activities	-	(50,608)
Net cash used in financing activities	-	(392,711)

b) *Al Salwa Investment LLC ("Al Salwa")*

At 31 December 2015, the Group held a 100% equity interest in Al Salwa and classified it as held for sale as the Group was in advanced stage of discussions in relation to Al Salwa's disposal. Assets of disposal group classified as held for sale at 31 December 2015 were as follows:

	<i>31 December 2015 AED'000 (Audited)</i>
Investment properties	491,201
Cash and deposits with banks	183
Assets of disposal group classified as held for sale	491,384

This disposal group had no associated liabilities as at 31 December 2015.

During the current period, Al Salwa was sold to a newly formed joint venture, ICD Brookfield Place Dubai Limited ("ICD Brookfield") in exchange for a 50% equity interest in ICD Brookfield valued at AED 245,692 thousand and cash consideration of AED 245,692 thousand. No gain or loss arose as a result of the disposal of Al Salwa.

c) *North Sathorn Hotel Company Limited ("North Sathorn")*

During the prior year, the Group acquired an 80% ownership stake in North Sathorn for a purchase price of USD 1 million. The acquisition was made with a view to dispose of North Sathorn within a year and accordingly it was classified as an asset held for sale as at 31 December 2015. As a part of this acquisition, a shareholder loan with a fair value of AED 82,217 thousand was novated to the Group, without any additional consideration. As a result of this acquisition, AED 131,236 thousand was recognised as gain on bargain purchase in the consolidated income statement for the year ended 31 December 2015.

During the current period, the Group entered into an agreement for the sale of its 80% ownership in North Sathorn along with the associated shareholder loan to Asian Capital Co. Ltd, (a joint venture in which the Group is a 50% partner). The consideration for the sale amounted to Thai Baht 894,800 thousand (AED 92,057 thousand) which also includes settlement of the outstanding shareholder loan with North Sathorn. As a result of the sale, a loss of AED 48,342 thousand was recorded in the interim consolidated income statement.

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13 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATIONS (continued)

c) North Sathorn Hotel Company Limited (“North Sathorn”) (continued)

	<i>AED’000</i> <i>(Unaudited)</i>
Assets of disposal group classified as held for sale	464,407
Liabilities of disposal group classified as held for sale	(321,752)
	<hr/>
Additional contribution made by the Group during the period	142,655
Non-controlling interests	9,831
	(12,087)
	<hr/>
Net assets on the date of disposal, attributable to the equity holders	140,399
Less: consideration received	(92,057)
	<hr/>
Loss on disposal of discontinued operations	48,342
	<hr/> <hr/>

14 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government less returns made by ICD in cash or in kind.

	<i>Six-month period</i> <i>ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>AED’000</i>	<i>AED’000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Balance at the beginning and end of the period	65,105,154	64,582,949
	<hr/> <hr/>	<hr/> <hr/>

Investment Corporation of Dubai and its subsidiaries

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15 OTHER RESERVES (Unaudited)

	<i>Legal and statutory reserve</i> <i>AED'000</i>	<i>Capital reserve</i> <i>AED'000</i>	<i>Merger reserve</i> <i>AED'000</i>	<i>Cost of share based payments</i> <i>AED'000</i>	<i>Cumulative changes in fair value</i> <i>AED'000</i>	<i>General replacement reserve</i> <i>AED'000</i>	<i>Asset replacement reserve</i> <i>AED'000</i>	<i>Translation reserve</i> <i>AED'000</i>	<i>Others</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Balance at 1 January 2016	2,779,955	2,482,827	9,179,312	17,267	611,296	511,314	11,025	(1,128,859)	(255,642)	14,208,495
Unrealised loss on available-for-sale investments (net)										
- ICD and its subsidiaries	-	-	-	-	(513,906)	-	-	-	-	(513,906)
- Associates and joint ventures	-	-	-	-	(13,124)	-	-	-	-	(13,124)
Unrealised gain on hedging instruments (net)										
- ICD and its subsidiaries	-	-	-	-	219,250	-	-	-	-	219,250
- Associates and joint ventures	-	-	-	-	6,712	-	-	-	-	6,712
Foreign currency translation differences (net)										
- ICD and its subsidiaries	-	-	-	-	-	-	-	(190,482)	-	(190,482)
- Associates and joint ventures	-	-	-	-	-	-	-	182,744	-	182,744
Reserves transferred to interim consolidated income statement	-	-	-	-	426,284	-	-	(9,973)	-	416,311
Total income and expenses for the period recognised directly in equity	-	-	-	-	125,216	-	-	(17,711)	-	107,505
Change in ownership	3,335	(55)	-	-	571	667	-	(248)	17,501	21,771
Transfer on reduction of share capital of an indirect subsidiary	-	(1,256,420)	-	-	-	-	-	-	-	(1,256,420)
Transfers from / (to) retained earnings and non-controlling interests	7,455	(32)	-	-	25	-	2,494	-	-	9,942
Other movements	4	73,667	-	-	(1,840)	-	-	(21)	(121,689)	(49,879)
Total at 30 June 2016	2,790,749	1,299,987	9,179,312	17,267	735,268	511,981	13,519	(1,146,839)	(359,830)	13,041,414

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15 OTHER RESERVES (Unaudited) (continued)

	Legal and statutory reserve AED '000	Capital reserve AED '000	Merger reserve AED '000	Cost of share based payments AED '000	Cumulative changes in fair value AED '000	General reserve AED '000	Asset replacement reserve AED '000	Translation reserve AED '000	Others AED '000	Total AED '000
Balance at 1 January 2015	2,379,535	1,728,220	9,179,312	17,267	3,354,512	313,466	11,673	(679,553)	(171,440)	16,132,992
Unrealised gain / (loss) on available-for-sale investments (net)										
- ICD and its subsidiaries	-	-	-	-	192,618	-	-	-	-	192,618
- Associates and joint ventures	-	-	-	-	(59,836)	-	-	-	-	(59,836)
Unrealised gain on hedging instruments (net)										
- ICD and its subsidiaries	-	-	-	-	128,791	-	-	-	-	128,791
- Associates and joint ventures	-	-	-	-	4,299	-	-	-	-	4,299
Foreign currency translation differences (net)										
- ICD and its subsidiaries	-	-	-	-	-	-	-	(130,699)	-	(130,699)
- Associates and joint ventures	-	-	-	-	-	-	-	(102,276)	-	(102,276)
Reserves transferred to retained earnings upon change in ownership of an investment										
Reserves transferred to interim consolidated income statement										
	-	-	-	-	(198,377)	-	-	-	-	(198,377)
	-	-	-	-	(257,747)	-	-	-	-	(257,747)
Total income and expenses for the period recognised directly in equity	-	-	-	-	(190,252)	-	-	(232,975)	-	(423,227)
Reserves related to a discontinued operation	-	-	-	-	4,226	-	-	-	(158)	4,068
Change in ownership	-	-	-	-	(1,709)	-	-	-	-	(1,709)
Transfers from / (to) retained earnings and non-controlling interests	195	117,561	-	-	-	-	1,589	-	(3,980)	115,365
Arising on dilution of investment in an indirect associate	-	-	-	-	-	-	-	8,090	183,639	191,729
Other movements	-	(42,299)	-	-	(886)	-	-	4,282	(1,964)	(40,867)
Total at 30 June 2015	2,379,730	1,803,482	9,179,312	17,267	3,165,891	313,466	13,262	(900,156)	6,097	15,978,351

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16 NON-CONTROLLING INTERESTS

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

17 COMMITMENTS AND CONTINGENCIES

(a) Investment commitments

The Group has the following investment commitments as at period-end / year-end:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Available-for-sale investments	<u>1,018,119</u>	<u>1,019,398</u>

(b) Operating lease commitments

Group as lessee

Future minimum rentals payable under non-cancellable operating leases as at period-end / year-end are as follows:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Within one year	10,396,140	9,200,142
After one year but not more than five years	33,535,951	29,276,425
More than five years	30,569,110	22,640,966
	<u>74,501,201</u>	<u>61,117,533</u>

Group as lessor

Future minimum rentals receivable as at period-end / year-end are as follows:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Within one year	1,947,327	2,262,040
After one year but not more than five years	3,965,787	4,182,778
More than five years	1,831,648	2,351,523
	<u>7,744,762</u>	<u>8,796,341</u>

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17 COMMITMENTS AND CONTINGENCIES (continued)

(c) Capital commitments

Capital expenditure contracted for, but not provided for, at the period-end / year-end are as follows:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Capital commitments for the purchase of aircrafts are as follows:		
Within one year	30,300,322	31,273,610
After one year but not more than five years	77,456,319	80,870,399
More than five years	158,811,119	165,649,005
	266,567,760	277,793,014
Contracted commitment in relation to other non-financial assets	7,805,951	9,745,824
Group's share of associates and joint ventures' capital expenditure commitments	7,085,015	7,918,558
	281,458,726	295,457,396

(d) Assets held under fiduciary capacity

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

(e) Contingencies

The Group has the following contingent liabilities at the period-end / year-end:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Letters of credit	11,436,966	12,331,593
Letters of guarantees	48,270,279	47,696,470
Liabilities on risk participation	337,090	498,516
Performance bonds	260,436	277,003
Group's share of guarantees issued by associates and joint ventures	6,286,421	5,809,426
Group's share of letters of credit issued by associates and joint ventures	1,304,081	1,378,594
Third party claims*	1,973,298	1,873,458

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17 COMMITMENTS AND CONTINGENCIES (continued)

(e) Contingencies (continued)

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

(f) Operational commitments

As at 30 June 2016, one of the Group's subsidiaries has operational commitments relating to sales and marketing amounting to AED 2,808,182 thousand (unaudited) (31 December 2015: AED 2,519,903 thousand (audited)).

(g) Irrevocable loan commitments

The Group's banking operations have irrevocable undrawn loan commitments of AED 38,017,726 thousand (unaudited) outstanding at 30 June 2016 (31 December 2015: AED 35,411,284 thousand (audited)).

18 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party transactions have been disclosed as under:

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

	<i>Purchase of goods and services (including cost of revenue) AED'000 (Unaudited)</i>	<i>Sale of goods and services (including revenue) AED'000 (Unaudited)</i>	<i>Other finance income AED'000 (Unaudited)</i>	<i>Other finance costs AED'000 (Unaudited)</i>	<i>Other income AED'000 (Unaudited)</i>
<i>Six-month period ended 30 June 2016</i>					
Associates and joint ventures	<u>1,356,670</u>	<u>1,406,547</u>	<u>205,280</u>	<u>158,647</u>	<u>-</u>
Government, MOF and other related parties	<u>20,327</u>	<u>573,506</u>	<u>286,267</u>	<u>151,683</u>	<u>13,970</u>
<i>Six-month period ended 30 June 2015</i>					
Associates and joint ventures	<u>2,322,064</u>	<u>2,604,394</u>	<u>107,730</u>	<u>120,207</u>	<u>-</u>
Government, MOF and other related parties	<u>108,905</u>	<u>663,603</u>	<u>215,386</u>	<u>227,648</u>	<u>21,307</u>

The Group enters into transactions with Government owned entities in the normal course of business. Such entities include various utility companies, port authorities, financial institutions etc. In accordance with the exemption available in the revised IAS 24, transactions that are entered in the normal course of business with such related Government entities are not disclosed.

Investment in marketable securities includes balances of AED 301,085 thousand (unaudited) (31 December 2015: AED 296,715 thousand (audited)) with Government, MOF and other related parties.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Amounts due from / to related parties included in the interim consolidated statement of financial position are as follows:

	30 June 2016		31 December 2015	
	Receivables* AED'000 (Unaudited)	Payables** AED'000 (Unaudited)	Receivables* AED'000 (Audited)	Payables** AED'000 (Audited)
Associates and joint ventures	14,825,272	11,904,137	17,663,925	11,812,610
Government, MOF and other related parties	139,926,995	14,175,593	143,905,799	14,914,040
	<u>154,752,267</u>	<u>26,079,730</u>	<u>161,569,724</u>	<u>26,726,650</u>

*This includes Islamic financing and investment products, loans and receivables, trade and other receivables and non-current assets.

**This includes borrowings and lease liabilities, other non-current payables, customer deposits and trade and other payables.

During the current period, a subsidiary of the Group received land (classified as investment property) in settlement of the outstanding receivable of AED 5.6 billion from a related party.

An impairment provision of AED 181,804 thousand (unaudited) (31 December 2015: AED 154,174 thousand (audited)) and AED 57,721 thousand (unaudited) (31 December 2015: 72,159 thousand (audited)) have been made against amounts receivable from "Government, MOF and other related parties" and "Associates and joint ventures" respectively. Such amounts are included under other non-current assets and trade and other receivables at the period / year end.

c) Cash and bank balances with related parties

	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Associates and joint ventures	<u>10,073,923</u>	<u>8,431,257</u>

d) Compensation to key management personnel

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

	30 June 2016 AED'000 (Unaudited)	30 June 2015 AED'000 (Unaudited)
Short term staff benefits	155,477	140,833
End of service benefits	7,732	5,168
Directors' fees	12,483	13,308
	<u>175,692</u>	<u>159,309</u>

e) The investments made in associates and joint ventures, Group's share of results of associates and joint ventures and the dividends received from them during the current period are disclosed in note 8 to these interim condensed consolidated financial statements. The distribution made to the Government has been disclosed in the interim consolidated statement of changes in equity.

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19 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

30 June 2016 (unaudited):

	<i>Designated as fair value through profit or loss AED'000</i>	<i>Held to maturity AED'000</i>	<i>Available- for-sale AED'000</i>	<i>Loans and receivables AED'000</i>	<i>Liabilities at amortised cost AED'000</i>	<i>Derivative financial instruments AED'000</i>	<i>Total carrying value AED'000</i>
Financial assets							
Non-derivative financial assets							
Investments in marketable securities (see note 9)	2,345,990	1,105,497	24,237,129	-	-	-	27,688,616
Islamic financing and investment products (see note 10)	-	-	-	61,164,674	-	-	61,164,674
Loans and receivables (see note 11)	-	-	-	232,656,649	-	-	232,656,649
Other non-current assets	-	-	-	17,571,568	-	-	17,571,568
Trade and other receivables	-	-	-	24,078,211	-	-	24,078,211
Customer acceptances	-	-	-	6,055,320	-	-	6,055,320
Cash and deposits with banks	-	-	-	130,189,300	-	-	130,189,300
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	3,870,641	3,870,641
	2,345,990	1,105,497	24,237,129	471,715,722	-	3,870,641	503,274,979
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	220,563,750	-	220,563,750
Islamic customer deposits	-	-	-	-	56,071,054	-	56,071,054
Borrowings and lease liabilities	-	-	-	-	177,745,449	-	177,745,449
Other non-current payables	-	-	-	-	1,995,411	-	1,995,411
Customer acceptances	-	-	-	-	6,055,320	-	6,055,320
Repurchase agreements with banks	-	-	-	-	103,949	-	103,949
Trade and other payables	-	-	-	-	41,738,726	-	41,738,726
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	4,316,080	4,316,080
	-	-	-	-	504,273,659	4,316,080	508,589,739

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

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19 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31 December 2015 (Audited):

	Designated as fair value through profit or loss AED'000	Held to maturity AED'000	Available- for-sale AED'000	Loans and receivables AED'000	Liabilities at amortised cost AED'000	Derivative financial instruments AED'000	Total carrying value AED'000
Financial assets							
Non-derivative financial assets							
Investments in marketable securities (see note 9)	2,519,410	1,164,494	23,164,932	-	-	-	26,848,836
Islamic financing and investment products (see note 10)	-	-	-	58,522,458	-	-	58,522,458
Loans and receivables (see note 11)	-	-	-	222,913,033	-	-	222,913,033
Other non-current assets	-	-	-	20,369,497	-	-	20,369,497
Trade and other receivables	-	-	-	24,829,853	-	-	24,829,853
Customer acceptances	-	-	-	3,712,749	-	-	3,712,749
Cash and deposits with banks	-	-	-	135,146,680	-	-	135,146,680
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	3,534,406	3,534,406
	2,519,410	1,164,494	23,164,932	465,494,270	-	3,534,406	495,877,512
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	201,417,650	-	201,417,650
Islamic customer deposits	-	-	-	-	56,279,451	-	56,279,451
Borrowings and lease liabilities	-	-	-	-	174,803,871	-	174,803,871
Other non-current payables	-	-	-	-	1,805,474	-	1,805,474
Customer acceptances	-	-	-	-	3,712,749	-	3,712,749
Repurchase agreements with banks	-	-	-	-	248,334	-	248,334
Trade and other payables	-	-	-	-	55,692,207	-	55,692,207
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	4,022,544	4,022,544
	-	-	-	-	493,959,736	4,022,544	497,982,280

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

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20 OPERATING SEGMENTS

The following tables present revenue and profit related information of the Group's operating segments for the six-month period ended 30 June 2016 and 2015:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Six-month period ended 30 June 2016* (Unaudited)					
Revenues					
Revenue from external customers	<u>9,367,579</u>	<u>45,508,340</u>	<u>19,431,757</u>	<u>8,171,229</u>	<u>82,478,905</u>
Results:					
Profit for the period from continuing operations before tax	<u>4,767,160</u>	<u>2,279,728</u>	<u>1,322,233</u>	<u>2,129,221</u>	<u>10,498,342</u>
Six-month period ended 30 June 2015* (Unaudited)					
Revenues					
Revenue from external customers	<u>8,384,906</u>	<u>45,335,936</u>	<u>27,980,498</u>	<u>7,773,461</u>	<u>89,474,801</u>
Results:					
Profit for the period from continuing operations before tax	<u>4,345,629</u>	<u>2,709,930</u>	<u>2,294,837</u>	<u>3,571,035</u>	<u>12,921,431</u>

The following table presents assets and liabilities related information of the Group's operating segments as at 30 June 2016 and 31 December 2015:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
At 30 June 2016 (Unaudited)					
Segmental Assets	<u>448,284,593</u>	<u>141,724,918</u>	<u>47,503,562</u>	<u>99,248,402</u>	<u>736,761,475</u>
Segmental Liabilities	<u>362,968,970</u>	<u>101,861,239</u>	<u>30,693,696</u>	<u>42,450,849</u>	<u>537,974,754</u>
At 31 December 2015* (Audited)					
Segmental Assets	<u>428,554,340</u>	<u>138,589,715</u>	<u>53,985,598</u>	<u>98,003,439</u>	<u>719,133,092</u>
Segmental Liabilities	<u>336,072,059</u>	<u>99,868,263</u>	<u>44,777,942</u>	<u>42,778,712</u>	<u>523,496,976</u>

* Group entities which are classified as a disposal group held for sale as at and for the period ended 30 June 2016, 31 December 2015 and 30 June 2015 have not been considered for IFRS 8 – Operating Segments disclosures.

**Investment Corporation of Dubai
and its subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015



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

Report on the Consolidated Financial Statements

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

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

31 May 2016

Dubai, United Arab Emirates

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2015

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

Director

Director

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2015

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

1 ACTIVITIES

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

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

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

2.1 BASIS OF PREPARATION

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

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

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

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

2.2 BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

2.2 BASIS OF CONSOLIDATION (continued)

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

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

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

Amendments to International Accounting Standard (IAS) 19 Defined Benefit Plans: Employee Contributions

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

Annual Improvements 2010-2012 Cycle

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

IFRS 2 Share-based Payment

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

IFRS 3 Business Combinations

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

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2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

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

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

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

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

IAS 24 Related Party Disclosures

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

Annual Improvements 2011-2013 Cycle

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

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group.

IFRS 13 Fair Value Measurement

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

IAS 40 Investment Property

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

IFRS 9 Financial Instruments

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

IFRS 14 Regulatory Deferral Accounts

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

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

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

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

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

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

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

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

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

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

Amendments to IAS 27: Equity Method in Separate Financial Statements

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

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

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

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

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

IFRS 7 Financial Instruments: Disclosures (continued)

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

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

Amendments to IAS 1 Disclosure Initiative

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

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

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

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

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

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

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Distinction between investment properties and owner-occupied properties

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

Classification of investments in marketable securities

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

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

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

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

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

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

Pension and other post employment benefits

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

Fair value of financial instruments

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

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2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Income taxes

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

Frequent flyer programme / customer loyalty programme

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

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

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

Development and production assets – depletion

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

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

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

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

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

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

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

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment losses on property, plant and equipment

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

Depreciation of property, plant and equipment

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

Allowances for impairment of loans and receivables, Islamic financing and investment products

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

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

Impairment of available-for-sale investments

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

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

Derivatives

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

Impairment of non-financial assets

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

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Valuation of intangible assets on acquisition

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

Amortisation of intangible assets

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

Impairment of investments in associates and joint ventures (equity accounted investments)

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

Percentage-of-completion

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

Classification of operating lease

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

Classification of finance lease

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

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

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

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Sale of software license

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

Share-based payments

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

Provision for maintenance

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

Provision for obsolete inventory

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

Contingent liability arising from litigations

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entities under common control, business combinations and goodwill

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

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

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

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

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

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

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Entities under common control, business combinations and goodwill (continued)

The measurement period ends as soon as the Group receives the necessary information about facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

Interest in joint ventures

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

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

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

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

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

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

Investments in associates

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

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

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

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

Special purpose entities

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

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

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

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

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

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

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

Property, plant and equipment

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognised.

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

Development and production assets

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

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

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

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

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

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

Exploration and evaluation assets

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Commercial reserves

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

Capital work-in-progress

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

Manufacturers' credits

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

Aircraft held for lease

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

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

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

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

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

Aircraft purchase deposits

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Abandonment and decommissioning costs

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

Crude oil overlifts and underlifts

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

Government grants

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

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

Borrowings

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

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

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

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

Investment properties

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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

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

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

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

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

Development properties

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

Cost includes:

- Freehold and leasehold rights for land.
- Amounts paid to contractors for construction.
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to complete and the estimated cost of sale.

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

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

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

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

Intangible assets (excluding goodwill)

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

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

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At 31 December 2015

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill) (continued)

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

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

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

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

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

Research and development expenditure

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

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

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

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

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

Investments and other non-current assets

Financial assets within the scope of IAS 39 are classified as either:

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other non-current assets (continued)

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

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

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

i) Financial assets at fair value through profit or loss

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

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

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

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

ii) Loans and receivables

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

Trade and other receivables

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

Due from banks and deposits

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

Islamic financing and investing products

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

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

Fiduciary assets

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other non-current assets (continued)

iii) Held-to-maturity investments

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

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

iv) Available-for-sale financial assets

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

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

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

Impairment of non-financial assets

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

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

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

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

Goodwill

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Other intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment at every reporting period either individually or at the cash generating unit level, as appropriate.

Investments in associates and joint ventures

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

Impairment of financial assets

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

Loans and advances

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

Individually assessed loans and advances

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Loans and advances (continued)

Collectively assessed loans and advances

Impairment is assessed on a collective basis in two circumstances:

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

Incurring but not yet identified impairment

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

The collective impairment allowance is determined after taking into account:

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

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

Homogeneous groups of loans and advances

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

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

Write-off of loans and advances

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

Reversals of impairment

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

Other assets carried at amortised cost

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial assets

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

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

Work in progress and excess billings (in respect of construction contracts)

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

Inventories

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

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

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

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

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

Cash and cash equivalents

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

Operating segments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at fair value through profit or loss

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

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

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

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

Financial liabilities

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

Frequent flyer / customer loyalty programme

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frequent flyer / customer loyalty programme (continued)

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

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

Trade payables

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

Contingencies

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

Provisions

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

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

Employee benefits

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

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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

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

Fund management

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

Financial guarantees

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

Maintenance reserve

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

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

Share-based compensation plans

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation plans (continued)

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

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

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Group as a lessee

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

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

Group as a lessor (excluding aircraft held for lease)

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

Sale and leaseback transactions

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Sale and repurchase agreements

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

Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)

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

Derivative financial instruments and hedging

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

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

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

For the purpose of hedge accounting, hedges are classified as

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

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

Sale of goods and services

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

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

Sale of software and licensed products

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of software and licensed products (continued)

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

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

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

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

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

Sale of property

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

Exhibitions

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

Airline revenue

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

Revenue from travel services

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from aerospace engineering and aircraft leasing

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

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

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

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

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Finance / interest income

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

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

Fees and commission

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

Fee income is accounted for as follows:

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

Commission income is accounted for on an accrual basis.

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

Exchange house trading, clearing and settlement fees

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

Dividends

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

Rental income

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

Revenue from hotel operations

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

Serviced apartments

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

Tank rental

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Vessel charter hire income

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

Construction contracts

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

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

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

Gains and losses from derivative contracts

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

Liquidated damages

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

Ancillary services

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

Income from Islamic financing and investment products

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

Murabaha

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

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

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Istissna'a

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

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

Ijara

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

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

Mudaraba

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

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

Wakala

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

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

Sukuk

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

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

Bond Holders' share of profit

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

- allocation of revenues and expenses, after exclusion of disallowed items, to a fund maintained by one of the subsidiaries of the Group (the "Fund"), on a pro-rata basis by reference to the amount of the Fund's assets invested compared with the independent co-investment made by the subsidiary's shareholders, as per the requirements of the Fund's prospectus, and
- allocation of the Fund's net profit between the subsidiary and Bond Holders at a ratio of 80:20 to the subsidiary and the Bond Holders, respectively, in accordance with the requirements of the prospectus and as approved by the Fund's Shari'a Supervisory Board.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

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

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

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

Non-current assets held for sale and discontinued operations

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

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3 OTHER INCOME

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

**4 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND EQUITY ACCOUNTED
INVESTEES**

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

5 OTHER FINANCE INCOME

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

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6 OTHER FINANCE COSTS

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

7 INCOME TAX EXPENSE

The components of income tax expense are as follows:

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

Deferred income tax

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

7 INCOME TAX EXPENSE (continued)

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

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

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

8 PROFIT FOR THE YEAR

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

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

9 TRANSFER OF ENTITIES UNDER COMMON CONTROL

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS

a) Acquisition of Kerzner International Holdings Ltd

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

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

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

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

b) Acquisition of Imdaad LLC

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

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

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

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

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

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

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

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

AED '000

Analysis of cash flow on acquisition:

Cash and deposits with banks acquired	443,938
Consideration paid	(574,340)

Net cash outflow on acquisition	(130,402)
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Costs of acquisition have been charged to the consolidated income statement.

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

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

d) *Acquisition of Hotel Washington Corporation (Cayman) (“HW Hotel”)*

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

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

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	564,109
Cash and deposits with banks	20,186
Inventories	1,606
Trade and other receivables	11,672
Borrowings and lease liabilities	(374,144)
Trade and other payables	(224,359)

Fair value of net assets acquired	(930)
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Goodwill	930
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Purchase consideration	USD 1
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Analysis of cash flow on acquisition:

Cash and deposits with banks acquired	20,186
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Net cash inflow on acquisition	20,186
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Costs of acquisition have been charged to the consolidated income statement.

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

e) Acquisition of Columbus Center Corporation (Cayman) (“Columbus Hotel”)

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

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

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

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

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

g) Acquisition of Canal Point FZE

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

h) Acquisition of Toll dnata Airport Services Pty Ltd

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

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

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	50,974
Intangible assets (note 12)	1,646
Deferred tax assets	13,147
Trade and other receivables	77,639
Cash and deposits with banks	12,567
Employees' end of service benefits (note 27)	(10,425)
Borrowings and lease liabilities	(29,510)
Trade and other payables	(76,850)
Fair value of net assets acquired	39,188
Purchase consideration (see below)	39,188
	<i>AED '000</i>
Consideration paid for additional acquisition	21,948
Acquisition date fair value of previously held investment	17,240
Total purchase consideration	39,188
	<i>AED '000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	12,567
Consideration paid	(21,948)
Net cash outflow on acquisition	(9,381)

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

i) Acquisition of dnata BV

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

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

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	3,762
Intangible assets (note 12)	24,143
Deferred tax assets	2,396
Trade and other receivables	23,154
Cash and deposits with banks	38,775
Employees' end of service benefits (note 27)	(13,278)
Other non-current payables	(1,289)
Deferred tax liabilities	(6,029)
Trade and other payables	(24,239)
Fair value of net assets acquired	47,395
Goodwill (note 12)	58,439
Purchase consideration	105,834
	<i>AED '000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	38,775
Consideration paid	(105,834)
Net cash outflow on acquisition	(67,059)

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

j) *Plafond Fit Out LLC*

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

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

	<i>Fair values AED '000</i>
Property, plant and equipment (note 11)	1,049
Intangible assets (note 12)	22,866
Other non-current assets	1,118
Trade and other receivables	133,847
Cash and deposits with banks	51
Other non-current payables	(3,812)
Trade and other payables	(114,055)
Fair value of net assets acquired	41,064
Goodwill (note 12)	65,920
Purchase consideration (see below)	106,984
	<i>AED '000</i>
Consideration paid for additional acquisition	22,000
Acquisition date fair value of previously held investment	84,984
Total purchase consideration	106,984
	<i>AED '000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	51
Consideration paid	(22,000)
Net cash outflow on acquisition	(21,949)

No costs of acquisition have been incurred.

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

k) Nigma Lifts Installations & Maintenance Co. LLC

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

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

	<i>Provisional fair values AED '000</i>
Property, plant and equipment (note 11)	168
Inventories	707
Trade and other receivables	3,860
Cash and deposits with banks	830
Employees' end of service benefits (note 27)	(533)
Trade and other payables	(2,006)
Provisional fair value of net assets acquired	3,026
Provisional Goodwill (note 12)	7,974
Purchase consideration	11,000
	<i>AED '000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	830
Consideration paid	(11,000)
Net cash outflow on acquisition	(10,170)

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

l) Acquisition of Atlantis The Palm Holding Company Limited

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

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

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

m) Acquisition of AMSA Holdings FZE

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 BUSINESS COMBINATIONS (continued)

n) Acquisition of Gold Medal International plc

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

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

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

o) Acquisition of Stella Travel Group

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

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

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

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

11 PROPERTY, PLANT AND EQUIPMENT

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

Investment Corporation of Dubai and its subsidiaries

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At 31 December 2015

11 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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At 31 December 2015

11 PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Land, buildings and leasehold improvements include:
- (i) Certain buildings and leasehold improvements constructed on land granted by the Government. The Group accounted for this non-monetary government grant received during the previous years at nominal value.
 - (ii) Certain business premises erected on plots of land obtained on a leasehold basis from the Government/third parties. Management is of the opinion that the leases are renewable and that the land will be available to the Group on an ongoing basis in the foreseeable future.
- (b) The net book value of property, plant and equipment includes AED 48,996,943 thousand (2014: AED 46,311,962 thousand) in respect of aircraft and aircraft engines held under finance leases. These are provided as security against finance lease liabilities included under borrowings and lease liabilities.
- (c) Borrowing costs of AED 182,889 thousand (2014: AED 131,727 thousand) have been capitalised during the year.
- (d) Capital work-in-progress mainly includes:
- (i) pre-delivery payments of AED 8,931,313 thousand (2014: AED 7,742,373 thousand) in respect of aircraft due for delivery in the period to 2028 (2014: due for delivery in various years until 2028).
 - (ii) construction relating to pipeline, gas processing plant, berth facilities and construction of retail sites.
- (e) Aircraft includes planes with a carrying value of AED 5,545,715 thousand (2014: AED 5,329,658 thousand) given on operating leases to various operators for lease terms of up to 17 years (2014: up to 18 years). The rentals are receivable on a monthly basis in advance and revenue is recognised when earned.
- (f) Plant, machinery equipment and vehicles includes a refinery plant in Jebel Ali, constructed by one of the subsidiaries of the Group on leasehold land granted at a nominal lease rent from the Government. The lease is initially for a period of 15 years and can be renewed for a further period of 15 years.

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At 31 December 2015

12 INTANGIBLE ASSETS

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

Investment Corporation of Dubai and its subsidiaries

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At 31 December 2015

12 INTANGIBLE ASSETS (continued)

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

12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets

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

(a) Emirates NBD PJSC

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

The goodwill has been allocated to four CGUs:

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

Key assumptions used in impairment testing for goodwill

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

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

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

Interest margins

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

Discount rates

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

Projected growth rate, GDP and local inflation rates

Assumptions are based on published industry research.

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

12 INTANGIBLE ASSETS (continued)**Impairment testing of goodwill and other intangible assets (continued)**

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

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

(b) Emirates

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

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

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12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)

(c) *dnata*

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

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

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

(d) *Borse Dubai Limited*

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

(e) *Dubai Aerospace Enterprise Limited*

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

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

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12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)

(f) D-Clear Europe Limited

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

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

13 INVESTMENT PROPERTIES

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

Investment Corporation of Dubai and its Subsidiaries

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13 INVESTMENT PROPERTIES (continued)

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

14 DEVELOPMENT PROPERTIES

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

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

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

- a) During 2015, the Group increased its ownership stake in Kerzner (acquired in previous year) and gained control of it with an investment of AED 558,541 thousand, in addition to the investment of AED 1,292,537 thousand made in 2014. The Group has accordingly started accounting for Kerzner as a subsidiary (see note 10(a)).
- b) During 2014, an associate of the Group sold 2,000,000,000 shares (face value of AED 1 per share) of its subsidiary, Emaar Malls Group LLC (“EMG LLC”), representing 15.37% of the associate’s investment in EMG LLC, through a secondary offering of shares in an Initial Public Offering (“IPO”) and raised AED 5,800,000 thousand. Subsequent to the IPO, the Group’s share of profit on the sale of EMG LLC’s shares of AED 984,842 thousand (net of direct costs incurred) was directly recognised in retained earnings.
- c) During 2014, a subsidiary of the Group sold a portion of its holding in its associate, London Stock Exchange (“LSE”) and subsequently subscribed to rights shares issued by LSE. The net effect of these transactions led to a decrease in the Group’s investment in LSE from 20.65% to 17.40%, and therefore the loss of the ability of the Group to exercise significant influence over LSE.

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

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

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

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

31 December 2015

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

31 December 2014

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

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

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

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

Year ended 31 December 2015

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

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

Year ended 31 December 2014

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

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

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

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

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

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

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

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

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

16 INVESTMENTS IN MARKETABLE SECURITIES

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

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16 INVESTMENTS IN MARKETABLE SECURITIES (continued)

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

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

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

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

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

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

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

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

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16 INVESTMENTS IN MARKETABLE SECURITIES (continued)

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

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

17 OTHER NON-CURRENT ASSETS

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

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

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

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17 OTHER NON-CURRENT ASSETS (continued)

17.3 Movement in advance lease rentals:

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

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

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

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

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

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

18 INVENTORIES

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

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19 TRADE AND OTHER RECEIVABLES

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

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

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

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

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

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20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

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

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

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

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

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

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

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

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21 LOANS AND RECEIVABLES

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

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

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

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

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21 LOANS AND RECEIVABLES (continued)

Movement in allowance for impairment

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

Loan Securitisation in Emirates NBD PJSC

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

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

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

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

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

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

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

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

21 LOANS AND RECEIVABLES (continued)

Loan Securitisation in Emirates NBD (continued)

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

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

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

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

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

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

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

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

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

Securitisation of other Loans and Receivables

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

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

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

22 CASH AND DEPOSITS WITH BANKS

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

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

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

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

22 CASH AND DEPOSITS WITH BANKS (continued)

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

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

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

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

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

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

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

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

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

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

	<i>AED' 000</i>
Fair value of net assets on the date of acquisition	65,866
Effect on re-measurement	(5,428)
	<hr/>
Fair value as at 31 December 2015	60,438
	<hr/> <hr/>
Acquisition-date fair value of net assets acquired attributable to equity holders	52,694
Loan acquired	82,217
	<hr/>
	134,911
Purchase consideration paid	(3,675)
	<hr/>
Gain on bargain purchase	131,236
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The split of gross assets and gross liabilities as at year end of North Sathorn is as follows:

Total assets	464,407
	<hr/>
Total liabilities*	321,752
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*Inter Company balance amounting to AED 82,217 thousand has been eliminated.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

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

(c) Standard Aero Inc.

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

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

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

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

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

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

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At 31 December 2015

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

d) Dubai Aluminium

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

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

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

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

24 CAPITAL

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

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

25 DISTRIBUTIONS PAID TO THE GOVERNMENT

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

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

26 OTHER RESERVES

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

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

26 OTHER RESERVES (continued)

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

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2015

26 OTHER RESERVES (continued)

Legal and statutory reserve

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

Capital reserve

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

Merger reserve

Merger reserve includes amounts relating to:

- Borse Dubai Limited
- Emirates NBD PJSC
- Aswaaq LLC
- National Bonds PJSC

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

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

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

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

Translation reserve

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

Investment Corporation of Dubai and its Subsidiaries

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27 EMPLOYEES' END OF SERVICE BENEFITS

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

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

Employees' Pension Scheme

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

Defined benefit obligations

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

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

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

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

27 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(i) Funded schemes

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

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

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

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

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

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

(ii) Unfunded schemes

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

28 BORROWINGS AND LEASE LIABILITIES

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

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28 BORROWINGS AND LEASE LIABILITIES (continued)

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

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

<i>2015</i>	<i>Notes</i>	<i>Maturity profile</i>	<i>AED'000</i>
Debts issued and other borrowed funds	28(a)	2016-2026	31,287,342
Due to banks (see note 22)	28(b)	2016-2017	18,822,719
Bank borrowings	28(c)	2016-2026	40,198,991
Loans from Government, MOF and other related parties (see note 37 (b))	28(c)	2016-2031	10,271,809
Loans from associates and joint ventures (see note 37 (b))	28(c)	2016-2026	11,158,960
Bonds (including sukuk)	28(d)	2016-2025	23,552,360
Finance lease liabilities	28(e)	2016-2025	39,121,040
Bank overdrafts (see note 22)		2016	390,650
			174,803,871

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28 BORROWINGS AND LEASE LIABILITIES (continued)

2014

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

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

a) *Debts issued and other borrowed funds*

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

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

The repayment profile of the above liabilities is as follows:

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

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

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28 BORROWINGS AND LEASE LIABILITIES (continued)

b) *Due to banks*

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

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

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

Included under these categories are:

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

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28 BORROWINGS AND LEASE LIABILITIES (continued)

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

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

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

d) Bonds (including Sukuk)

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

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

- US Dollar bonds with face value of USD 3,200,000 thousand (2014: USD 2,700,000 thousand) and USD 2,050,000 thousand (2014: USD 2,050,000 thousand) are of Islamic (sukuk) and conventional formats respectively. These bonds are repayable either semi-annually or as a bullet payment upon their relevant maturities over the period up to 2025.
- UAE Dirham bonds amounting to AED 5,237,699 thousand (2014: AED 5,544,598 thousand) payable to bond holders of one of the subsidiaries of the Group, which is a Shari'a compliant open ended investment fund. These bonds were offered under the prospectus issued by the subsidiary of the Group and have a face value of AED 10 per bond and are repayable on demand of the bond holders.
- Singapore Dollar bonds amounting to AED 389,677 thousand (2014: AED 416,850 thousand) are repayable in 2016.

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28 BORROWINGS AND LEASE LIABILITIES (continued)

e) Finance lease liabilities

Finance lease liabilities are payable as follows:

	<i>Future lease payments 2015 AED'000</i>	<i>Interest and term deposit component 2015 AED'000</i>	<i>Present value of minimum lease payments 2015 AED'000</i>
Less than one year	5,355,950	(1,075,575)	4,280,375
Between one and five years	22,180,317	(3,750,088)	18,430,229
More than five years	18,178,719	(1,768,283)	16,410,436
	<u>45,714,986</u>	<u>(6,593,946)</u>	<u>39,121,040</u>
	<i>Future lease payments 2014 AED'000</i>	<i>Interest and term deposit component 2014 AED'000</i>	<i>Present value of minimum lease payments 2014 AED'000</i>
Less than one year	5,048,289	(991,773)	4,056,516
Between one and five years	19,810,634	(3,783,571)	16,027,063
More than five years	20,423,032	(2,115,081)	18,307,951
	<u>45,281,955</u>	<u>(6,890,425)</u>	<u>38,391,530</u>

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

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

f) Securities

Following are the significant securities provided against the borrowings:

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

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29 DERIVATIVE FINANCIAL INSTRUMENTS

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

2015

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

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29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

2014

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

Disclosed as follows:

Positive fair value of derivatives:

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

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30 OTHER NON-CURRENT PAYABLES

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

31 TRADE AND OTHER PAYABLES

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

32 CUSTOMER DEPOSITS

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

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32 CUSTOMER DEPOSITS (continued)

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

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

33 ISLAMIC CUSTOMER DEPOSITS

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

34 REPURCHASE AGREEMENTS WITH BANKS

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

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

35 NON-CONTROLLING INTERESTS

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

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35 NON-CONTROLLING INTERESTS (continued)

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

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

36 COMMITMENTS AND CONTINGENCIES

(a) Investment commitments

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

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Available-for-sale investments	1,019,398	728,411
Others	-	255,000
	<u>1,019,398</u>	<u>983,411</u>

(b) Operating lease commitments

Group as lessee

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

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

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

Group as lessor

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

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

Investment Corporation of Dubai and its Subsidiaries

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36 COMMITMENTS AND CONTINGENCIES (continued)

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

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

(c) Capital commitments

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

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

(d) Assets held in a fiduciary capacity

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

(e) Contingencies

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

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

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

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2015

36 COMMITMENTS AND CONTINGENCIES (continued)

(f) Operational commitments

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

(g) Irrevocable loan commitments

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

37 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party transactions have been disclosed as under:

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

	<i>31 December 2015</i>				
	<i>Purchase of goods and services (including cost of revenue) AED'000</i>	<i>Sale of goods and services (including revenue) AED'000</i>	<i>Finance income AED'000 (see note 5)</i>	<i>Finance costs AED'000 (see note 6)</i>	<i>Other income / (expenses) - net AED'000</i>
Associates and joint ventures	<u>3,132,392</u>	<u>4,418,216</u>	<u>277,028</u>	<u>271,010</u>	<u>1,826</u>
Government, MOF and other related parties	<u>365,509</u>	<u>693,217</u>	<u>446,165</u>	<u>527,367</u>	<u>3,886</u>
	<i>31 December 2014</i>				
	<i>Purchase of goods and services (including cost of revenue) AED'000</i>	<i>Sale of goods and services (including revenue) AED'000</i>	<i>Finance income AED'000 (see note 5)</i>	<i>Finance costs AED'000 (see note 6)</i>	<i>Other income / (expenses) - net AED'000</i>
Associates and joint ventures	<u>7,945,590</u>	<u>9,323,340</u>	<u>157,464</u>	<u>150,953</u>	<u>(141,153)</u>
Government, MOF and other related parties	<u>40,053</u>	<u>959,548</u>	<u>362,675</u>	<u>478,062</u>	<u>54,896</u>

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

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

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2015

37 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

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

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

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

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

c) Compensation to key managerial personnel

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

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

Investment Corporation of Dubai and its Subsidiaries

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38 FINANCIAL RISK MANAGEMENT

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

31 December 2015:

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

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

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

38 FINANCIAL RISK MANAGEMENT (continued)

31 December 2014:

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

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

38 FINANCIAL RISK MANAGEMENT (continued)

Risk management framework:

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

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

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

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

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

Risk management process:

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

The Board of Directors of the respective entities have overall responsibility for:

- establishment and oversight of the risk management framework;
- identifying and analysing the risks in the operations of the respective businesses;
- forming appropriate risk management committees to mitigate the risks of the businesses within the overall risk management framework of the Group.

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

- Credit risk
- Liquidity risk
- Market risk

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

Investment Corporation of Dubai and its Subsidiaries

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38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk

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

Credit risk management and structure

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

Trade and other receivables

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

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

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

Collateral management

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

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

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

Exposure to credit risk

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

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

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38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the Group's maximum credit risk exposure for commitments and guarantees.

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

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

Impairment losses

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

31 December 2015

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

31 December 2014

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

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38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Impairment losses (continued)

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

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

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

38.2 Liquidity risk

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

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

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

Financial liabilities	<i>Carrying amount AED'000</i>	<i>Contractual cash flows AED'000</i>	<i>Less than one year AED'000</i>	<i>More than one year AED'000</i>
<i>31 December 2015</i>				
Customer deposits	201,417,650	202,118,234	198,381,664	3,736,570
Islamic customer deposits	56,279,451	56,629,635	40,253,973	16,375,662
Borrowings and lease liabilities	174,803,871	194,031,298	57,694,319	136,336,979
Other non-current payables	1,805,474	1,828,135	-	1,828,135
Customer acceptances	3,712,749	3,712,749	3,712,749	-
Repurchase agreements with banks	248,334	248,334	248,334	-
Trade and other payables	55,692,207	55,692,207	55,527,417	164,790
Negative fair value of derivatives	4,022,544	4,341,075	1,932,999	2,408,076
	<u>497,982,280</u>	<u>518,601,667</u>	<u>357,751,455</u>	<u>160,850,212</u>
Total	<u>497,982,280</u>	<u>518,601,667</u>	<u>357,751,455</u>	<u>160,850,212</u>

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38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk (continued)

Financial liabilities	<i>Carrying amount</i> AED'000	<i>Contractual cash flows</i> AED'000	<i>Less than one year</i> AED'000	<i>More than one year</i> AED'000
<i>31 December 2014</i>				
Customer deposits	185,709,684	187,501,861	180,599,661	6,902,200
Islamic customer deposits	46,304,969	46,425,797	45,886,329	539,468
Borrowings and lease liabilities	163,468,189	182,788,252	50,467,404	132,320,848
Other non-current payables	1,449,020	1,472,196	-	1,472,196
Customer acceptances	3,859,864	3,859,864	3,859,864	-
Repurchase agreements with banks	35,369	35,369	35,369	-
Trade and other payables	56,163,673	56,163,673	55,971,023	192,650
Negative fair value of derivatives	2,321,102	2,338,210	1,010,362	1,327,848
Total	459,311,870	480,585,222	337,830,012	142,755,210

The Group is also exposed to liquidity risk in respect of those contingencies and commitments as are disclosed in notes 36 (e) and (g).

38.3 Market risk

Market risk is the risk that changes in market factors, such as equity prices, commodity prices, credit spreads, interest / profit rates and foreign currency rates will affect the Group's income or equity and / or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Certain subsidiaries buy and sell derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the respective subsidiaries' governing committees.

Market risk specific to banking operations

To better capture the multi-dimensional aspects of market risk, the Bank's primary market risk metric is a statistical one, Value-at-Risk ("VaR"), which is used for short-term risk holding periods. VaR metrics are calculated daily for the specific asset classes listed below, plus a total VaR figure for the whole Trading Book:

- Interest rate VaR
- Foreign exchange VaR
- Equity VaR
- Commodity VaR
- Total VaR

The VaR is calculated for specific asset classes and in total, using the Historical Simulation method and measured at the 99% confidence level over a specified horizon (holding period).

The year-end VaR numbers reported below have been derived using the following configuration:

- Confidence level: 99%
- Holding period: 1 business day
- Methodology: Full Revaluation, Historical Simulation using over 2 years of historical market data

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38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

Market risk specific to banking operations (continued)

Total Value-at-Risk

By Asset class	<i>Average</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Actual *</i>
Trading	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>31 December 2015</i>				
Interest rate risk	3,950	6,252	2,320	4,648
Foreign exchange risk	7,747	13,349	3,812	4,038
Credit trading risk	1,791	6,822	299	1,807
Total	9,082	14,144	5,188	7,142

<i>By Asset class</i>	<i>Average</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Actual *</i>
<i>Trading</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>

31 December 2014

Interest rate risk	5,232	9,502	435	3,841
Foreign exchange risk	6,025	13,085	29	12,216
Commodity risk	7	59	-	-
Credit trading risk	2,678	5,557	120	1,005
Total	8,838	15,231	1,650	13,088

* Note that the sum of asset class VaR metrics does not add up to the reported Total VaR metric due to diversification and cross correlation effects.

38.3.1 Equity price risk

Equity price risk arises from investments in marketable equity securities designated as either available-for-sale financial assets or as fair value through profit or loss. Subsidiaries of the Group monitor the mix of marketable securities in their investment portfolios based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors or other appropriate authority of the respective subsidiaries. The primary objective of the investment strategy is to maximise investment returns while protecting the invested capital and maintain adequate liquidity to meet any unforeseen contingencies.

Equity price risk – sensitivity analysis

The Group's quoted equity investments are listed on various stock exchanges in the global markets, mainly in the UAE. A five percent increase in the equity prices would have increased the fair value of the quoted securities by AED 332,346 thousand (2014: AED 747,610 thousand); an equal change in the opposite direction would have decreased the fair value of the quoted securities by AED 332,346 thousand (2014: AED 747,610 thousand). The following table demonstrates the sensitivity of the Group's equity and profit to a 5 percent change in the price of its quoted equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	<i>Effect on profit</i>	<i>Effect on equity</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>31 December 2015</i>		
Effect of changes in quoted equity portfolio of the Group	16,589	332,346
<i>31 December 2014</i>		
Effect of changes in quoted equity portfolio of the Group	21,048	747,610

38 FINANCIAL RISK MANAGEMENT (continued)**38.3.2 Commodity price risk**

The Group is exposed to commodity price risk mainly on the volatility of oil prices (including jet fuel). The Group manages its exposure to changes in oil prices, and, in doing so, may use commodity derivative instruments (i.e. commodity futures, swaps and options), thereby seeking to minimise the potential adverse effects on the Group's financial performance.

Commodity price risk – sensitivity analysis

An increase of 5% in oil prices relating to commodity derivative contracts would have increased / (decreased) equity and profit respectively by the amounts shown below. This analysis assumes that all other variables remain constant. An equivalent decrease of the same would have an equal but opposite effect accordingly.

Commodities

	<i>Equity</i> <i>AED'000</i>	<i>Profit</i> <i>AED'000</i>
31 December 2015		
Oil prices	488,076	261,218
	<i>Equity</i> <i>AED'000</i>	<i>Profit</i> <i>AED'000</i>
31 December 2014		
Oil prices	4,605	4,605

At the reporting date, if the market price of crude oil had been AED 36.75 (USD 10) per barrel higher / lower, the crude oil overlift payable would have been higher / lower by AED 134.87 million (USD 36.7 million) (2014: AED 76.07 million (USD 20.7 million)).

38.3.3 Interest / profit rate risk

The Group is exposed to interest / profit rate risk due to interest rate / profit fluctuations with respect to investments in marketable securities (primarily bonds), Islamic financing and investment products, loans and receivables, fair value of derivatives, cash and deposits with banks, customer deposits, Islamic customer deposits, borrowings and lease liabilities and repurchase agreements with banks.

Certain subsidiaries manage their interest / profit rate risk by entering into interest rate swap contracts. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates or conversely. Details of interest rate swap contracts (including the nominal values, and the maturity of contracts fair values) are disclosed in Note 29.

Banking operations

The Bank measures, monitors and manages the interest rate risk in its banking book, and its key components repricing risk, yield curve risk, basis risk, and optionality, as appropriate.

Interest Rate Risk in the Banking Book ("IRRBB") is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank's consumer and commercial banking assets and liabilities, and financial investments designated as available-for-sale and held to maturity. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes. Analysis of this risk is complicated by having to make assumptions on embedded optionality within certain product areas such as the incidence of prepayments in consumer loans, and from behavioral assumptions regarding the economic duration of liabilities which are contractually repayable on demand such as current accounts.

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38 FINANCIAL RISK MANAGEMENT (continued)

38.3.3 Interest / profit rate risk (continued)

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to the treasury department under the supervision of the Bank's Asset and Liability Committee ("ALCO"), through Funds Transfer Pricing (FTP) Systems. The Bank's ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

The Asset Liability Management ("ALM") Function of the Bank is responsible for IRRBB measurement, monitoring and reports risk exposures independently to the Bank's ALCO. The Bank's ALCO reviews that the assumptions (used to transform positions into interest rate exposures) are reasonable and commensurate with the nature and complexity of the Bank's holdings.

In order to measure the overall sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its net interest income.

	<i>31 December 2015</i>		<i>31 December 2014</i>	
	<i>Amount</i> <i>AED'000</i>	<i>Variance</i> <i>AED'000</i>	<i>Amount</i> <i>AED'000</i>	<i>Variance</i> <i>AED'000</i>
Rates Up 200 bp	10,367,020	1,347,152	7,631,305	824,034
Base Case	9,019,868	-	6,807,271	-
Rates Down 200 bp	8,085,672	(934,196)	6,445,638	(361,633)

The interest rate sensitivities set out in the table above are based on a set of scenarios i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by treasury or in the business units to mitigate the impact of this interest rate risk. In practice, treasury seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues.

To measure and manage interest rate risk and its possible impact on economic value of the entity, the Bank has established internal limits based on the PV01. The interest rate gaps and sensitivity tests (NII and PV01) are measured on a monthly basis by the ALM function of the Bank, and reported to the Bank's ALCO.

Non-banking operations

The table below shows the effect of a change on the consolidated income statement and consolidated statement of changes in equity, of 100 basis points in interest/profit rate relating to the interest/profit bearing financial assets/liabilities of non-banking operations of the Group at the reporting date. The analysis below excludes interest capitalised and assumes that all other variables remain constant. An equivalent decrease of the same would have an equal but opposite effect accordingly.

	<i>31 December 2015</i>		<i>31 December 2014</i>	
	<i>Effect on</i>		<i>Effect on</i>	
	<i>profit</i> <i>AED'000</i>	<i>equity</i> <i>AED'000</i>	<i>profit</i> <i>AED'000</i>	<i>equity</i> <i>AED'000</i>
100 bp	80,513	(183,307)	116,511	617,630

38.3.4 Currency risk

Banking operations

The Bank is not significantly exposed to currency risk which is a component of market risk since its assets and liabilities are predominantly in AED and pegged currencies such as USD.

Non-banking operations

The Group is exposed to currency risk on certain transactions and balances that are denominated in a currency other than the functional currency of the Group (i.e. AED). In practice, in respect of monetary assets and liabilities denominated in USD, there is no exchange risk involved since AED is pegged to USD. Foreign currencies, other than AED and USD, in which significant transactions and balances are denominated, are Sterling Pound ("GBP"), EURO, Singapore Dollar ("SGD") and Nigerian Naira ("NGN"). The Group closely monitors exchange rate movements and the related impact on assets and liabilities, and proactively manages its currency exposure from its revenue related activities.

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38 FINANCIAL RISK MANAGEMENT (continued)

38.3.4 Currency risk (continued)

Non-banking operations (continued)

The following exchange rates were applied during the current year for the main foreign currencies relevant to the Group's activities:

	<i>Average rate AED</i>	<i>Reporting rate (spot rate) AED</i>
<i>31 December 2015</i>		
SGD	2.68	2.60
GBP	5.61	5.45
EURO	4.08	4.01
NGN	0.02	0.02
	<u> </u>	<u> </u>
	<i>Average rate AED</i>	<i>Reporting rate (spot rate) AED</i>
<i>31 December 2014</i>		
SGD	2.90	2.77
GBP	6.05	5.70
EURO	4.88	4.46
NGN	0.02	0.02
	<u> </u>	<u> </u>

Currency rate risk - sensitivity analysis

A 10 percent increase in the AED against the various currencies highlighted above that the Group considers significant on the basis of the exposure as at 31 December would have correspondingly increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and quoted prices, remain constant.

	<i>Effect on</i>	
	<i>equity AED'000</i>	<i>profit AED'000</i>
<i>31 December 2015</i>		
SGD	38,944	38,970
GBP	64,546	(14,080)
EURO	223,042	(23,706)
NGN	(38,224)	-
	<u> </u>	<u> </u>
	<i>Equity AED'000</i>	<i>Effect on profit AED'000</i>
<i>31 December 2014</i>		
SGD	2,830	2,709
GBP	(753,383)	(1,032)
EURO	21,809	(3,298)
NGN	(48,749)	-
	<u> </u>	<u> </u>

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38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management

38.4.1 Capital management (banking operations)

The Central Bank of the UAE supervises the Bank on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. The capital is computed at a level using the Basel II framework of the Basel Committee on Banking Supervision (“Basel Committee”), after applying the amendments advised by the Central Bank, within national discretion. The Basel II framework is structured around three ‘pillars’: minimum capital requirements (Pillar I); supervisory review process (Pillar II); and market discipline (Pillar III).

Minimum Capital Requirements

For implementing current capital requirements, the Central Bank requires the Bank to maintain a prescribed minimum ratio of total capital to total risk-weighted assets of 12% (of which Tier I to be 8%).

The tiered components of Bank’s regulatory capital comprise of:

- Tier I capital includes share capital, Tier 1 capital notes, share premium, legal, statutory and other reserves, retained earnings, non-controlling interests after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and
- Tier II capital includes qualifying subordinated debt, undisclosed reserve and fair value reserve.

The Group is compliant with the Standardised Approach for Credit, Market and Operational Risk (Pillar I) with effect from 31 December 2007.

The capital adequacy ratio as per Basel II framework is given below:

	<i>2015</i> <i>AED’000</i>	<i>2014</i> <i>AED’000</i>
<u>Tier I Capital</u>		
Issued capital	5,557,775	5,557,775
Share premium reserve	12,270,124	12,270,124
Legal and statutory reserve	2,778,888	2,778,888
Other reserves	2,662,122	2,797,794
Retained earnings	17,566,680	13,031,219
Tier I Capital notes	9,477,076	9,477,076
Non-controlling interests	5,662	4,926
Total tier I Capital	<u>50,318,327</u>	<u>45,917,802</u>
Less: Goodwill and intangibles	(6,030,825)	(6,156,380)
Less: Treasury shares	(46,175)	(46,175)
Total	<u>44,241,327</u>	<u>39,715,247</u>
<u>Tier II Capital</u>		
Undisclosed reserves / general provisions	6,070,344	4,348,163
Cumulative changes in fair value	214,369	401,081
Subordinated debt	3,752,068	3,869,898
Total	<u>10,036,781</u>	<u>8,619,142</u>
Of which: Eligible tier II capital	<u>6,681,459</u>	<u>6,670,128</u>
Total regulatory capital	<u>50,922,786</u>	<u>46,385,375</u>

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38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management (continued)

38.4.1 Capital management (banking operations) (continued)

RISK WEIGHTED EXPOSURE

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Credit risk	217,201,778	191,931,999
Market risk	4,192,234	6,961,239
Operational risk	24,110,440	21,346,673
Total	245,504,452	220,239,911
Capital Ratio:		
Total regulatory capital as a percentage of total risk weighted assets	20.74%	21.06%
Total Tier I regulatory capital as a percentage of total risk weighted assets	18.02%	18.03%

The Bank has a robust capital adequacy assessment, monitoring and reporting process. It is pro-actively advancing its internal capital adequacy assessment framework along the lines of Basel II and in anticipation of Basel III.

The Bank's forward-looking internal capital adequacy assessment process (ICAAP) is based on the Bank's financial budget projections. Stress scenarios are considered to assess the strength of Bank's capital adequacy over a three year period.

The ICAAP is based on economic capital and defines adequacy as balance of capital supply, in form of available financial resources, and capital demand, in form of cushion against unexpected losses.

The Bank measures capital adequacy as "the capability to withstand unexpected losses at a confidence level of 99.9% through its capital base including projected net-income post dividend and provisions" with the latter measure being the key measure for the adequacy assessment.

The results of the internal capital adequacy assessment process, quarterly actual assessment as well as the annual multi-year forward-looking forecast are monitored against the Bank's risk strategy.

The Bank employs an Integrated Stress Testing Framework to quarterly assess the potential implications of adverse financial conditions and the development of key ratios under stressful conditions. The outcomes of the Integrated Stress Testing Framework influence the setting of the Bank's risk appetite as part of the Bank's periodical risk strategy review.

The Integrated Stress Testing Framework encompasses:

- the forward-looking assessment of economic scenarios, including potential feedback loops and second round effects,
- the measurement of sensitivities against key risk drivers and parameters; and
- the analysis of reverse stress tests modelling events that could cause a significant impact on the Bank, and provides by that a comprehensive analysis on the potential impact in terms of balance sheet structure, financial performance, capitalisation levels and funding profile.

The Bank's stress testing process involves key stake-holders of Group Finance, the Bank's economist and the business units in order to develop economically relevant scenarios and include the views of key stakeholders. The results of the quarterly stress testing exercises are discussed at senior management and Board level.

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38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management (continued)

38.4.1 Capital management (banking operations) (continued)

In addition, the Bank uses the results of the Integrated Stress Testing Framework to assess the outcome and stability of the employed economic capital models.

The Bank manages a number of funds that are not consolidated in the consolidated financial statements. The funds have no recourse to the general assets of the Bank; further the Bank has no recourse to the assets of the funds. Third party funds managed by the Bank were AED 11,013 million as at 31 December 2015 (2014: AED 10,750 million).

38.4.2 Capital management (non-banking operations)

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in business conditions. The total equity comprises capital, other distributable and non-distributable reserves and retained earnings aggregating to AED 148,156,043 thousand as at 31 December 2015 (2014: AED 140,468,779 thousand).

The Group has certain bank borrowing arrangements that require maintaining certain ratios and shareholding structure. Apart from these requirements and subordination of funding provided by the shareholders of certain subsidiaries, neither ICD, nor any of its subsidiaries are subject to any additional externally imposed capital requirements.

39 MATERIAL PARTLY OWNED SUBSIDIARIES

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

Proportion of equity interest held by non-controlling interests:

	<i>Country of incorporation and operations</i>	<i>2015</i>	<i>2014</i>
Name			
Emirates NBD PJSC	UAE	44.36%	44.36%
Dragon Oil plc**	Republic of Ireland / UAE	-	46.00%
		<hr/>	<hr/>
		<i>2015</i>	<i>2014</i>
		<i>(AED'000)</i>	<i>(AED'000)</i>
Balances of material non-controlling interests:			
Emirates NBD PJSC*		28,311,440	26,517,564
Dragon Oil plc		-	6,287,925
Profit allocated to material non-controlling interests:			
Emirates NBD PJSC		3,514,643	2,549,029
Dragon Oil plc		-	1,099,718
Dividend / interest paid to material non-controlling interests:			
Emirates NBD PJSC*		1,452,715	1,122,274
Dragon Oil plc		-	315,517

* These include Tier 1 capital notes and interest thereon.

** During the current year, the Group acquired the remaining non-controlling interest in Dragon Oil plc and now fully owns Dragon Oil plc (see note 35.2)

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39 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for the year ended 31 December 2015 / period ended 21 October 2015:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Profit for the year / period from continuing operations	7,123,768	470,808
Total comprehensive income	<u>6,573,181</u>	<u>470,808</u>

Summarised statement of financial position as at 31 December 2015:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Current assets	<u>266,113,856</u>	<u>-</u>
Non-current assets	<u>140,446,319</u>	<u>-</u>
Current liabilities	<u>302,440,407</u>	<u>-</u>
Non-current liabilities	<u>53,371,241</u>	<u>-</u>

Summarised cash flow statement information for the year ended 31 December 2015 / period ended 21 October 2015:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Net cash from operating activities	6,520,876	2,066,732
Net cash (used in) / from investing activities	(2,046,534)	380,256
Net cash from / (used in) financing activities	2,590,845	(2,069,451)
Net increase in cash and cash equivalents	<u>7,065,187</u>	<u>377,537</u>

Summarised statement of comprehensive income for the year ended 31 December 2014:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Profit for the year from continuing operations	<u>5,139,030</u>	<u>2,390,690</u>
Total comprehensive income	<u>5,152,079</u>	<u>2,390,690</u>

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39 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

Summarised statement of financial position as at 31 December 2014:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Current assets	219,465,808	10,936,723
Non-current assets	143,555,183	6,950,697
Current liabilities	267,721,609	3,777,481
Non-current liabilities	48,536,465	823,075

Summarised cash flow statement information for year ended 31 December 2014:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Net cash from operating activities	8,883,476	3,020,225
Net cash from / (used in) investing activities	2,216,225	(2,304,365)
Net cash from / (used in) financing activities	6,727,534	(679,750)
Net increase in cash and cash equivalents	17,827,235	36,110

40 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities, which is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised into the following three major reportable operating segments:

- Banking and other financial services: This segment comprises of banking operations, non-bank financial institutions, holding and administering of interests in the financial exchanges and financial transaction management advisory services.
- Transportation and related services: This segment comprises primarily of passenger and commercial air transportation (including retail of consumer goods and in-flight catering), airport handling operations, aircraft handling and engineering services, other travel related services, aircraft leasing and MRO services; and
- Oil and gas products/services: This segment comprises of upstream oil and gas production and downstream marketing and retailing of oil and gas functions.

Other segments are components of the Group's business activities that need not be disclosed separately as per the criteria specified under IFRS 8- Operating Segments. A brief description of these businesses is as follows:

- Retail trade: Primarily comprises of duty free retail services at Dubai's airports, ownership and operations of supermarkets and retail services, and trading of goods and services across various sectors such as automobiles and industrial machinery;
- Rental income: Primarily comprises of income from operating leases of buildings and from rental of exhibition and convention centres;
- Hotels and leisure: Primarily comprises of the hotels owned by the Group and related operations;
- Contract revenue: Comprises of income from construction contracting and structural steelwork manufacturing; and
- Other investment income: Primarily comprises of investment operations.

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40 OPERATING SEGMENTS (continued)

The financial information in relation to the various operating segments of the Group is presented below:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
2015 *:					
Revenues					
Revenue from external customers	<u>17,194,576</u>	<u>94,410,506</u>	<u>49,669,646</u>	<u>16,108,643</u>	<u>177,383,371</u>
Results:					
Profit for the year from continuing operations before tax	<u>9,032,749</u>	<u>8,071,229</u>	<u>3,698,967</u>	<u>4,829,546</u>	<u>25,632,491</u>
Assets and liabilities:					
Segmental Assets	<u>408,066,671</u>	<u>143,526,633</u>	<u>65,647,097</u>	<u>101,892,691</u>	<u>719,133,092</u>
Segmental Liabilities	<u>336,072,059</u>	<u>99,868,263</u>	<u>44,777,942</u>	<u>42,778,712</u>	<u>523,496,976</u>
	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
2014:					
Revenues					
Revenue from external customers *	<u>16,326,155</u>	<u>93,115,768</u>	<u>71,196,785</u>	<u>11,420,195</u>	<u>192,058,903</u>
Results:					
Profit for the year from continuing operations before tax *	<u>10,184,213</u>	<u>5,215,032</u>	<u>3,726,726</u>	<u>3,258,214</u>	<u>22,384,185</u>
Assets and liabilities:					
Segmental Assets	<u>365,528,895</u>	<u>136,860,228</u>	<u>73,055,414</u>	<u>96,834,127</u>	<u>678,664</u>
Segmental Liabilities	<u>298,552,041</u>	<u>99,501,703</u>	<u>44,345,297</u>	<u>39,853,576</u>	<u>482,252,617</u>

* Group entities which are classified as a disposal group held for sale as at the reporting date and 2014 have not been considered for IFRS 8 – Operating Segments disclosures.

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

SUBSIDIARIES:

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
List of subsidiaries of ICD				
Emirates NBD PJSC	55.64%	55.64%	UAE	Banking
Emirates National Oil Co. Limited (ENOC) LLC	100.00%	100.00%	UAE	Development and production of oil and gas, gas gathering and processing, production and selling of MTBE, marketing of petroleum products and retailing at service stations, oil trading, terminalling and storage, condensate processing, aviation fuel marketing, lubricant marketing, bunkering and oil related shipping activities
Dubai World Trade Centre Authority (formerly known as Dubai World Trade Center Corporation	100.00%	100.00%	UAE	Management of Dubai World Trade Centre Complex and managing, operating, servicing and leasing properties and organizing conferences and exhibitions
Cleveland Bridge and Engineering Middle East (Private) Limited	51.00%	51.00%	UAE	Contracting for designing, industrial and commercial structures
Cleveland Steel Emirates LLC	51.00%	51.00%	UAE	Structural steel manufacture
Emirates	100.00%	100.00%	UAE	Commercial air transportation which includes passenger, cargo and postal carriage services, wholesale and retail of consumer goods, in-flight and institutional catering and hotel operations
dnata/dnata World Travel	100.00%	100.00%	UAE	Aircraft handling and engineering services, handling services for export and import cargo, information technology services, representing airlines as their general sales agent, travel agency and other travel related services and inflight and institutional catering

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dubal Holding LLC	100.00%	100.00%	UAE	Investment company in commercial/industrial enterprises and management
Borse Dubai Limited	89.72%	89.72%	UAE	Acquire and hold interests in undertakings operating or active in the financial exchange sector as well as the administration, development and management of such holdings
Aswaaq LLC	99.00%	99.00%	UAE	Retail trading
Emaratech (Emarat Technology Solutions) FZ LLC	100.00%	100.00%	UAE	Information technology services for DNRD
Golf in Dubai LLC	99.00%	99.00%	UAE	Managing of Golf events
Dubai Duty Free Establishment	100.00%	100.00%	UAE	Duty Free operations at borders
Dubai Silicon Oasis Authority	100.00%	100.00%	UAE	Property related operations
Dubai Airport Freezone Authority	100.00%	100.00%	UAE	Property related operations
National Bonds Corporation PJSC	100.00%	100.00%	UAE	Finance investment company primarily engaged in promoting and setting-up all types of investment funds and projects, and acting as an investment manager.
Dubai Aerospace Enterprises (DAE) Limited	80.53%	68.36%	UAE	Operations in aircraft leasing and financial services to the global aviation industry
D Clear Europe Ltd	100.00%	100.00%	UK	Development, distribution and service of its transaction lifecycle Management Software products and Data Management services.
ICD Funding Limited	100.00%	100.00%	Cayman Islands	Investment company
Atlantis the Palm 2 Holding LLC	100.00%	-	UAE	Leisure & hospitality

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
AMSA Holdings FZE	100.00%	100.00%	UAE	Owning and leasing of properties
Gazelle Finance Limited	100.00%	100.00%	Cayman Islands	Special purpose vehicle for holding investments
Al Salwa Investment LLC (see note 23)	100.00%	100.00%	UAE	Holding and proprietary investments Company
One Za'abeel LLC	100.00%	100.00%	UAE	Management of real estate
Iceberg Limited	100.00%	100.00%	UAE	Special purpose vehicle for holding investments
Pelegen LLC	100.00%	100.00%	UAE	Engage in real estate management services
Deira Waterfront Development LLC	100.00%	100.00%	UAE	Property development management
Canal Point LLC	100.00%	-	UAE	Special purpose vehicle for investment in commercial enterprises and management
Canal Point FZE	100.00%	-	UAE	Special purpose vehicle for real estate management services
Columbus Centre Corporation (Cayman)	100.00%	-	Cayman Islands	Hotel operations
Kerzner International Holdings Ltd (previous year classified under "associates")	69.47%	45.11%	Bahamas	Hotel operations and management
Zeera Investment LLC	99.00%	-	UAE	Special purpose vehicle for investment in agricultural enterprises and management.
Ssangyong Engineering & Construction Co., Ltd.	93.43%	-	Korea	Engineering and construction company
Imdaad LLC	100.00%	-	UAE	Management services.
ICD Cape Town FZE	100.00%	-	UAE	Holding and propriety company

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dubai Aviation Corporation (trading as flydubai)	100.00%	-	UAE	Commercial air transportation which includes passengers, cargo and postal carriage services, whole sale and retail of consumer goods, in-flight and institutional
Ithra Dubai Owned by ICD One Person Co. LLC	100.00%	-	UAE	Real estate holding and trust company
ICD Hospitality & Leisure LLC (formerly known as ICD Asset Management LLC)	100.00%	100.00%	UAE	Leisure & hospitality

List of subsidiaries of ICD Hospitality and Leisure LLC

Atlantis the Palm Holding Company Ltd	100.00%	-	British Virgin Islands	Hotel operation
Hotels Washington Corporation (Cayman)	100.00%	-	Cayman Islands	Hotel operation
ICD International Holding B.V	100.00%	-	Netherlands	Holding Company

List of subsidiaries of Atlantis the Palm 2 Holding Company Limited

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Atlantis the Palm 2 Limited (DIFC)	100.00%	-	UAE	Holding Investments and arranging financing
Atlantis the Palm 2 Development LLC	100.00%	-	UAE	Real estate Development
The Royal Atlantis Resort & Residences FZCO	100.00%	-	UAE	Managing real estate assets

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of ICD Cape Town FZE

	<i>Ownership interest</i>	<i>Ownership interest</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
One&Only Cape Town Holdings (PTY) Limited	55.45 %	-	UAE	Holding and propriety company

List of subsidiaries of Emirates NBD PJSC

Buzz Contact Centre Solutions LLC	100.00%	100.00%	UAE	Call centre management services
Dubai Bank PJSC	100.00%	100.00%	UAE	Islamic Banking
E.T.F.S. LLC	100.00%	100.00%	UAE	Trade finance services
Emirates Financial Services PSC	100.00%	100.00%	UAE	Funds management
Emirates Funds Managers (Jersey) Limited	100.00%	100.00%	Jersey	Asset management
Emirates NBD Global Funding Limited	100.00%	100.00%	Cayman Island	Medium term borrowing and money market transactions
Emirates NBD Asset Management Limited	100.00%	100.00%	UAE	Asset management
Emirates Islamic Bank PJSC	99.90%	99.90%	UAE	Islamic Banking
Emirates NBD Trust Company (Jersey) Limited	100.00%	100.00%	Jersey	Trust administration services
Emirates NBD Securities LLC	100.00%	100.00%	UAE	Brokerage services

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates NBD PJSC (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Emirates NBD Properties LLC	100.00%	100.00%	UAE	Real estate
Emirates Money Consumer Finance LLC	100.00%	100.00%	UAE	Consumer finance
Emirates Fund LLC	100.00%	100.00%	UAE	Assets Management
Emirates NBD Capital (KSA) LLC	100.00%	100.00%	KSA	Investment services
KSA Mortgage Company	100.00%	100.00%	KSA	Nominee Company for Mortgage Business
ENBD London Branch Nominee Company	100.00%	100.00%	UK	Asset Management
Emirates NBD Egypt S.A.E	100.00%	100.00%	Egypt	Banking
Tanfeeth LLC	100.00%	100.00%	UAE	Shared services organization
Group tranche of Emblem Finance Company No. 2 Limited	100.00%	100.00%	UAE	Asset securitisation
Emirates NBD Auto Financing Limited	100.00%	100.00%	UAE	Asset securitisation
ENBD Asset Finance Company No.1 Limited	100.00%	100.00%	Republic of Ireland	Asset securitisation
Emirates NBD Auto Finance Limited	100.00%	100.00%	UAE	Asset securitisation
ENBD Asset Finance Company No.2 Limited	100.00%	100.00%	Cayman Island	Asset securitisation
Emirates NBD Tier 1 Limited	100.00%	100.00%	Cayman Island	Asset securitisation
Emirates NBD 2014 Tier 1 Limited	100.00%	100.00%	Cayman Island	Asset securitisation
EIB Sukuk Limited	100.00%	100.00%	Cayman Island	Asset securitisation

Investment Corporation of Dubai and its Subsidiaries
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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
List of subsidiaries of National Bonds Corporation PJSC				
National Bonds Limited FZE	100.00%	100.00%	UAE	Investments
First Wharf Tower LLC	100.00%	100.00%	UAE	Real estate development
National Properties LLC	100.00%	100.00%	UAE	Management services
National Healthcare LLC	100.00%	100.00%	UAE	Healthcare
Dubai Cup LLC	100.00%	100.00%	UAE	Sports clubs & facility management
Alpha Utilities Management Services LLC	100.00%	100.00%	UAE	Utilities management
Sky Courts LLC	100.00%	100.00%	UAE	Real estate development
List of subsidiaries of Borse Dubai Limited				
Dubai Financial Market PJSC (DFM)	79.70%	79.70%	UAE	Electronic Financial Market
Nasdaq Dubai Limited (NASDAQ Dubai)	86.42%	86.42%	UAE	Electronic Financial Market
List of subsidiaries of Emirates National Oil Co. Limited (ENOC) LLC				
Dubai Natural Gas Company Limited	100.00%	100.00%	UAE	Gas processing
Emirates Gas LLC	100.00%	100.00%	UAE	Bottling and sale of LPG
Emirates National Oil Company (Singapore) Private Limited	100.00%	100.00%	Singapore	Petroleum supply & trading
ENOC Processing Company LLC	100.00%	100.00%	UAE	Petroleum refining

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates National Oil Co. Limited (ENOC) LLC (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
ENOC Properties LLC	100.00%	100.00%	UAE	Property & facility management
ENOC Supply and Trading LLC	100.00%	100.00%	UAE	Petroleum supply & trading
Emirates Petroleum Products Company LLC. (EPPCO) LLC	100.00%	100.00%	UAE	Gasoline retailing
Global Technology Services LLC	100.00%	100.00%	UAE	IT projects and services
Horizons Terminals Limited	100.00%	100.00%	Bahamas	Terminalling holding company
Horizon Jebel Ali Terminals Limited	100.00%	100.00%	Bahamas	Chemical terminal
Cylingas Company LLC	100.00%	100.00%	UAE	Tank fabrication and cylinder manufacturing
Dragon Oil Plc	100.00%	54.00%	Republic of Ireland	Oil and gas exploration and production
ENOC Marketing LLC	100.00%	100.00%	UAE	Petroleum sales and marketing
Horizon Singapore Terminals Private Limited	52.00%	52.00%	Singapore	Petroleum terminal
ENOC Fuel Supply Company LLC	100.00%	100.00%	UAE	Petroleum supply and trading
ENOC Commercial & Distribution LLC	100.00%	100.00%	UAE	Petroleum sales and marketing
ENOC Lubricants & Grease Manufacturing Plant LLC	100.00%	100.00%	UAE	Lubricants and grease manufacturing
Horizon Emirates Terminals LLC	100.00%	100.00%	UAE	Petroleum terminal

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emaratech (Emarat Technology Solutions) FZ LLC

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Aamal (Sole Establishment)	100.00%	100.00%	UAE	Services for typing, photocopying document clearing, and facilities management
Datel System & Software LLC	100.00%	100.00%	Jordan	Installation and operation of e-gates in Kingdom of Jordan.
Zajel Courier Services (sole establishment)	100.00%	100.00%	UAE	Letters and post items delivery, parcels delivery and documents transport
Emirates Real Estate Services (sole establishment)	100.00%	100.00%	UAE	Information technology consultancy and operations.
Zajel FZE, UAE	100.00%	100.00%	UAE	Letters and post items delivery, parcels delivery and documents transport.

List of subsidiaries of Dubai Airport Freezone Authority

DAFZA Investments FZE	100.00%	100.00%	UAE	Commercial and industrial investment and management services
DAFZA Economics & Free Zone Management FZE	100.00%	100.00%	UAE	Managing economic and free zones
Dubai Airport Freezone (USA) Inc	100.00%	100.00%	USA	Negotiating and signing service contracts in USA
Free Zone Development FZE	100.00%	100.00%	UAE	Providing management services

List of subsidiaries of Dubai Silicon Oasis Authority

Dubai Silicon Oasis Inc. ("DSO Inc")	100.00%	100.00%	USA	Sales and marketing
University Development FZE	100.00%	100.00%	UAE	University development
Silicon Oasis Founders FZCO	100.00%	100.00%	UAE	Incubation centre

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Maritime & Mercantile International Holding L.L.C	100.00%	100.00%	UAE	Holding Company
Maritime & Mercantile International L.L.C.	68.70%	68.70%	UAE	Wholesale and retail of consumer goods
Emirates Leisure Retail L.L.C.	68.70%	68.70%	UAE	Food and beverage operations
Emirates Leisure Retail Holding L.L.C.	100.00%	100.00%	UAE	Holding company
Emirates Hotel L.L.C.	100.00%	100.00%	UAE	Hotel operations
Emirates Hotel (Australia) Pty Ltd.	100.00%	100.00%	Australia	Hotel operations
Emirates Flight Catering Company L.L.C.	90.00%	90.00%	UAE	In-flight and institutional catering
Emirates Leisure Retail (Singapore) Pte. Ltd	100.00%	100.00%	Singapore	Food and beverage operations
Emirates Leisure Retail (Australia) Pty. Ltd	100.00%	100.00%	Australia	Food and beverage operations

List of subsidiaries of dnata/dnata World Travel

dnata Travel (UK) Ltd	100.00%	100.00%	United Kingdom	Travel agency
dnata Inc.	100.00%	100.00%	Philippines	Aircraft handling services
dnata International Airport Services Pte Ltd	100.00%	100.00%	Singapore	Holding company
Maritime and Mercantile International Travel LLC	100.00%	100.00%	UAE	Travel agency
dnata GmbH	100.00%	100.00%	Austria	Holding company
dnata Switzerland AG	100.00%	100.00%	Switzerland	Aircraft handling services

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of dnata/dnata World Travel (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Al Hidaya Travel and Tourism WLL	100.00%	100.00%	Bahrain	Travel agency
Cleopatra International Travel WLL	100.00%	100.00%	Bahrain	Travel agency
dnata Aviation Services Ltd	100.00%	100.00%	UK	Holding company
dnata for Airport Services Ltd	100.00%	100.00%	Iraq	Aircraft handling services
dnata Catering Services Ltd	100.00%	100.00%	UK	Holding company
Alpha Flight Group Ltd	100.00%	100.00%	UK	In-flight catering services
Alpha Flight UK Ltd	100.00%	100.00%	UK	In-flight catering services
Alpha Flight Services Pty Ltd	100.00%	100.00%	Australia	In-flight catering services
Alpha Flight Ireland Ltd	100.00%	100.00%	Republic of Ireland	In-flight catering services
Travel Republic Limited	75.00%	75.00%	UK	Online travel services
Marhaba Bahrain SPC	100.00%	100.00%	Bahrain	Passenger meet and greet services
Airline Cleaning Service Pty Ltd	100.00%	100.00%	Australia	Aircraft cleaning service
dnata Singapore Pte Ltd.	100.00%	100.00%	Singapore	Aircraft handling and catering services
dnata International Private Limited	100.00%	100.00%	India	Travel agency
dnata World Travel Limited	75.00%	75.00%	UK	Holding company
Alpha In-Flight US LLC	100.00%	100.00%	USA	In-flight catering services
dnata Catering SA (formerly Alpha Rocas SA)	64.20%	64.20%	Romania	In-flight catering services
Alpha Flight Services UAE	49.00%	49.00%	UAE	In-flight catering services
Jordan Flight Catering Company Ltd	35.90%	35.90%	Jordan	In-flight catering services

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of dnata/dnata World Travel (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
En Route International Limited	80.00%	80.00%	UK	Bakery and packaged food solutions
dnata Limited	100.00%	100.00%	UK	Aircraft handling services
Alpha Flight a.s.	100.00%	100.00%	Czech Republic	In-flight catering services
Najm Travel LLC	100.00%	100.00%	UAE	Travel agency
dnata Travel Holdings UK Ltd	100.00%	100.00%	UK	Travel services
dnata srl (formerly Air Chef srl)	100.00%	100.00%	Italy	In-flight catering services
Gold Medal Travel Group plc	100.00%	100.00%	UK	Travel services
Airline Network plc	100.00%	100.00%	UK	Travel services
dnata Travel Inc	100.00%	100.00%	Philippines	Travel services
Travel Partners LLC	100.00%	100.00%	UAE	Travel services
Stella Travel Services (UK) Ltd	100.00%	100.00%	UK	Travel services
Stella Global UK Ltd	100.00%	100.00%	UK	Travel services
dnata Aviation Services Holding Limited	100.00%	-	UAE	Holding Company
dnata Airport Services Pty Ltd (formerly Toll dnata Airport Services Pty Ltd) – previous year classified under “Joint ventures”	100.00%	50.00%	Australia	craft Handling Services
dnata Aviation Services US Inc.	100.00%	-	United States of America	Holding Company
dnata BV	100.00%	-	The Netherlands	Aircraft Handling Services
Plafond fitout LLC	100.00%	-	UAE	MEP contracting

Investment Corporation of Dubai and its Subsidiaries
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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Ssangyong Engineering & Construction Co., Ltd.

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Jungam H&D Co., Ltd	100.00%	100.00%	Korea	Construction and real estate sale
Jungam 3 rd Co. Ltd.	100.00%	100.00%	Korea	Wholesale and retail
PT. SSY Konstruksi Indonesia	100.00%	100.00%	Indonesia	Construction and real estate sale
Ssangyong E&C GE S.A.	60.00%	60.00%	Equatorial Guinea	Construction

List of subsidiaries of D-Clear Europe Limited

SmartStream Technologies Group Limited	100.00%	100.00%	UK	Holding Company
SmartStream Funding Limited	100.00%	100.00%	UK	Holding Company
SmartStream Acquisitions Limited	100.00%	100.00%	UK	Holding Company
SmartStream Technologies Holdings Limited	100.00%	100.00%	UK	Holding Company
SmartStream Technologies Limited	100.00%	100.00%	UK	Software development
SBS International Holdings Limited	100.00%	100.00%	UK	Holding company
SmartStream Technologies GmbH	100.00%	100.00%	Austria	Software development
SmartStream Technologies (Deutschland) GmbH	100.00%	100.00%	Germany	Software development
SmartStream Technologies Schweiz GmbH	100.00%	100.00%	Switzerland	Software development
SmartStream Technologies France S.A	100.00%	100.00%	France	Software development
SmartStram Technologies (Hong Kong) Limited	100.00%	100.00%	Hong Kong	Software development
Reference Data Services holding LLC	55.03%	-	USA	Holding Company
Reference Data Services LLC	55.03%	-	USA	Software development

Investment Corporation of Dubai and its Subsidiaries
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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of D-Clear Europe Limited (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
SmartStream RDU India Private Ltd	55.03%	-	India	Software development
SmartStream Technologies Iberia SL	100.00%	100.00%	Spain	Software development
SmartStream Technologies Benelux-Nordic N:V	100.00%	100.00%	Belgium	Software development
SmartStream Technologies Italia Srl	100.00%	100.00%	Italy	Software development
SmartStream Technologies (Asia Pacific) Pte. Ltd	100.00%	100.00%	Singapore	Software development
SmartStream Technologies Inc.	100.00%	100.00%	USA	Software development
African Management Data Pty. Ltd	100.00%	100.00%	South Africa	Software development
Smart Stream Technologies Australia Pty. Ltd	100.00%	100.00%	Australia	Software development
SmartStream Technologies Luxembourg S.A.	100.00%	100.00%	Luxembourg	Software development
SmartStream Technologies India Private Ltd	100.00%	100.00%	India	Software development
SmartStream Technologies (Dubai) LLC	100.00%	100.00%	Dubai	Software development
SmartStream Technologies (Beijing) Co Ltd	100.00%	100.00%	China	Software development
SmartStream Technologies India Distributor Private Ltd	100.00%	100.00%	India	Software development
SmartStream Technologies Netherland B.V	100.00%	100.00%	Netherland	Software development

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Kerzner International Holding Company

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Kerzner International Limited	100.00%	100.00%	Bahamas	Holding company
Kerzner International North America, Inc.	100.00%	100.00%	Delaware	Holding company
One&Only Le Saint Geran Ltd	100.00%	100.00%	Mauritius	Hotel operations
Kerzner International Management FZ-LLC	100.00%	100.00%	UAE	Hotel management
One&Only Management Limited (BVI)	100.00%	100.00%	British Virgin Islands	Hotel management
Kerzner International Management Limited	100.00%	100.00%	British Virgin Islands	Hotel management
One&Only (Indian Ocean) Management Limited	100.00%	100.00%	British Virgin Islands	Hotel management
Kerzner International Marketing (UK) Limited	100.00%	100.00%	UK	Marketing, Promotional and administrative services

List of subsidiaries of Imdaad LLC

Imdaad Holding – 1 Limited	100.00%	100.00%	UAE	Investment activities and facilities management services
Imdaad Abu Dhabi Facilities Management LLC	99.00%	99.00%	UAE	Facilities management services
Isnaad Facilites Management Services	99.00%	99.00%	UAE	Facilities management services
Imdaad Intergrated Facility Services LLC	99.00%	99.00%	Oman	Facilities management services
Imdaad Al Sharq Holding Co. LLC	99.00%	-	KSA	Facilities management services
Nigma Lifts Installations & Maintenance Co. LLC	99.00%	-	UAE	Facilities management services

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES:

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
List of associates of ICD				
Emaar Properties PJSC	27.50 %	27.50 %	UAE	Property investment and development, property management services, retail, hospitality and investments in providers of financial services
Dubai Islamic Bank PJSC	27.91%	27.91%	UAE	Banking
Commercial Bank of Dubai PSC	20.00%	20.00%	UAE	Banking
Galadari Brothers Company Limited (LLC)	37.94%	37.94%	UAE	Company engaged in trading of various goods and services
Dubai Ice Factory and Refrigeration LLC	28.00%	28.00%	UAE	Manufacture and sale of ice.
Emirates Investment & Development PSC	27.92%	27.92%	UAE	Investment in properties, securities, agriculture, livestock and food, in addition to establishing trading, investing and manufacturing project inside and outside the UAE
Dubai Development Company PJSC	-	25.00%	UAE	Real estate development
HSBC Middle East Finance Company Limited	20.00%	20.00%	UAE	Provision of hire purchase finance for the purchase of motor vehicles and equipment.
Emirates Refreshments PSC	20.00%	20.00%	UAE	Bottling and selling mineral water as well as manufacturing plastic packs and bottles
Noor Investment Group LLC	25.00%	25.00%	UAE	Investment company

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES: (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
List of associates of Emirates NBD PJSC				
National General Insurance Co. PSC	36.70%	36.70%	UAE	General and life insurance
List of associates of Emirates National Oil Co. Limited (ENOC) LLC				
Horizon Djibouti Holding Limited	44.44%	44.44%	Djibouti	Terminalling holding company
Arabtank Terminals limited	36.50%	36.50%	Saudi Arabia	Petroleum and chemical terminal
Gulf Energy Maritime PJSC	35.62%	35.62%	UAE	Shipping
Vopak Horizon Fujairah Holding Limited	33.33%	33.33%	Gibraltar	Terminalling holding company
Horizon Tangiers Terminals SA	34.00%	34.00%	Morocco	Petroleum terminals
List of associates of dnata/dnata World Travel				
Dubai Express LLC	50.00%	50.00%	UAE	Freight clearing and forwarding
Gerry's dnata (Private) Ltd	50.00%	50.00%	Pakistan	Aircraft handling services
Hogg Robinson Group Plc	22.00%	22.00%	UK	Corporate travel services
Oman United Agency Travel LLC	50.00%	50.00%	Oman	Corporate travel services
Guangzhou Baiyn International Airport Ground Handling Services Company Ltd.	20.00%	20.00%	China	Aircraft handling services
Mercator Solutions FZE	19.00%	19.00%	UAE	Information technology services
List of associates of Borse Dubai Limited				
Nasdaq, Inc. (formerly known as Nasdaq OMX Group Inc.) (see note 41.1)	18.12%	17.64%	USA	Stock Exchange

Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2015

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES: (continued)

List of associates of Dubai Silicon Oasis Authority

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
German Business Park FZCO	32.00%	32.00%	UAE	Mixed use property development
MENA Network FZCO	28.00%	28.00%	UAE	Owning, developing and operating the web portal
2 CVs FZCO	38.00%	38.00%	UAE	Owning, developing and operating the web portal
Jibber Jabber FZCO	20.00%	-	UAE	Education student planner platform
360-E-Learn-FZCO	36.00%	-	UAE	Education online learning platform

List of associates of National Bonds Corporation PJSC

Souk Extra	13.07%	13.07%	UAE	Community shopping centres
Madaarees PJSC	17.20%	-	UAE	School management

List of associates of Dubal Holding LLC

Dubai Carbon Centre of Excellence PJSC (DCCE)	25.00%	25.00%	UAE	Aggregation services to facilitate the transition to a low carbon economy
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List of associates of Kerzner International Holding Limited

KSW Mass, LLC	33.30%	33.30%	USA	Pursues potential gaming opportunities
Mazagan Beach Resort	28.8%	28.8%	Morocco	Hotel operations

List of associate of Emaratech (Emarat Technology Solutions) FZ-LLC.

US-14-A/S	17.00%	-	Denmark	Manufacture, market and sell security
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Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2015

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES:

List of joint ventures of ICD

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dubai Cable Company (Private) Limited	50.00%	50.00%	UAE	Manufacture and sales of power cables, control cables, building wires and lead cables.
ICD Brookfield Holdings Bermuda Limited	50.00%	50.00%	Bermuda	Property development and management

List of joint ventures of Emirates NBD PJSC

Network International LLC	51.00%	51.00%	UAE	Card processing services
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List of joint ventures of Emirates National Oil Co. Limited (ENOC) LLC

EPPCO International Limited ("EIL")	50.00%	50.00%	Bahamas	Petroleum terminal
Horizon Taeyoung Korea Terminals Ltd.	50.00%	50.00%	South Korea	Chemical terminal
EPPCO Projects LLC	51.00%	51.00%	UAE	Aviation and lubricants marketing

List of joint ventures of dnata/dnata World Travel

dnata-PWC Airport Logistics LLC (formerly PAL PAN Airport Logistics LLC	50.00%	50.00%	UAE	Logistics services
Transguard Group LLC *	100.00%	100.00%	UAE	Security services
Dunya Travel LLC	50.00%	50.00%	UAE	Travel agency
SDV UAE LLC *	25.50%	25.50%	UAE	Logistics services
Najm Travel LLC	50.00%	50.00%	Afghanistan	Travel agency
Al Tawfeeq Travels (dnata Travels) LLC	50.00%	50.00%	Qatar	Travel agency
dnata Travel Limited *	70.00%	70.00%	KSA	Travel agency
dnata Newrest (Pty) Ltd	50.00%	50.00%	South Africa	In-flight catering service
Travel Counsellors LLC *	51.00%	51.00%	UAE	Travel Services
Alpha LSG Ltd	50.00%	50.00%	UK	In-flight catering services

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES (continued)

List of joint ventures of dnata/dnata World Travel (continued)

	<i>Ownership interest 2015</i>	<i>Ownership interest 2014</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
India Premier Services Ltd	50.00%	50.00%	India	Passenger meet and greet services
Transecure LLC *	50.00%	50.00%	UAE	Security services
Super Bus Tourism LLC *	75.00%	75.00%	UAE	Travel agency

* These are subject to joint control

List of joint ventures of Emirates

Emirates-CAE Flight Training LLC	50.00%	50.00%	UAE	Flight simulator training
Premier Inn Hotels LLC	51.00%	51.00%	UAE	Hotel operations
CAE Flight Training (India) Private Ltd	50.00%	50.00%	India	Flight simulator training
CAE Middle East Holdings Limited	50.00%	50.00%	UAE	Holding company

List of joint ventures of Dubai World Trade Centre (L.L.C.)

DV Global Link L.L.C (“DV Global”)	51.00%	51.00%	UAE	Event management
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List of joint ventures of Dubal Holding LLC (see note 23)

Emirates Global Aluminium PJSC (EGA)	50.00%	50.00%	UAE	Aluminium smelters
Sinoway Carbon Co. Ltd*	20.00%	20.00%	China	Calcined petroleum coke manufacturing facility

*Is subject to joint control

List of joint venture of Imdaad LLC

Imdaad Facilities Services Managements LLC	49.00%	49.00%	Qatar	Facilities management services
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In a number of cases, the Group owns more than 50% ownership interest in entities and have classified them as associate / joint ventures, as management believes that the Group does not control these entities. The Group has joint control on these entities with other owners and unanimous owner consent is required for strategic financial and operating decisions by these entities.

41.1 Although the Group holds less than 20% of the equity shares of Nasdaq Inc, the Group exercises significant influence through having a direct representation on the Board of Directors of Nasdaq Inc and accordingly, has adopted the equity method of accounting for this investment from the acquisition date.

42 SUBSEQUENT EVENTS

1. Subsequent to 31 December 2015, the Group acquired controlling stake in Adriatic Marinas d.o.o. located in Montenegro.
2. Subsequent to 31 December 2015, dnata acquired 100% ownership of Ground Services International, Inc. and Metro Air Service, Inc. based in Detroit, Michigan, United States.

**Investment Corporation of Dubai
and its subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Investment Corporation of Dubai ("ICD") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

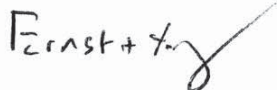
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Signed by:
Anthony O' Sullivan
Partner
Registration No. 687

3 June 2015

Dubai, United Arab Emirates

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Continuing operations			
Revenues	40	198,364,067	178,262,800
Cost of revenues		(162,225,358)	(145,651,253)
		36,138,709	32,611,547
Other income	3	9,461,189	5,169,751
Net gain from derivative instruments	9	544,913	48,345
General, administrative and other expenses		(19,022,894)	(15,889,389)
Net impairment losses on financial assets and equity accounted investees	4	(6,204,900)	(4,984,691)
Other finance income	5	820,925	764,400
Other finance costs	6	(3,719,282)	(3,520,715)
Share of results of associates and joint ventures - net	15	4,656,750	2,497,841
PROFIT FOR THE YEAR BEFORE INCOME TAX FROM CONTINUING OPERATIONS		22,675,410	16,697,089
Income tax expense - net	7	(74,418)	(895,563)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		22,600,992	15,801,526
Discontinued operations			
Profit for the year from discontinued operations	23	5,865,852	1,790,945
PROFIT FOR THE YEAR		28,466,844	17,592,471
Attributable to:			
The equity holder of ICD		23,785,204	14,591,403
Non-controlling interests		4,681,640	3,001,068
		28,466,844	17,592,471

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
PROFIT FOR THE YEAR		28,466,844	17,592,471
Other comprehensive income			
<i>Other comprehensive income that are / to be reclassified to income statement in subsequent periods:</i>			
Net movement in fair value of available-for-sale investments		962,641	2,192,743
Net movement in fair value of cash flow hedges		226,140	503,106
Cash flow hedge reserves relating to discontinued operations reclassified to income statement	23	(2,378,077)	-
Foreign currency translation differences (net)		(301,060)	(45,789)
Group's share in other comprehensive income of equity accounted investees		(1,043,299)	272,072
Net other comprehensive income that are / to be reclassified to income statement in subsequent periods		(2,533,655)	2,922,132
<i>Other comprehensive income not to be reclassified to income statement in subsequent periods:</i>			
Actuarial loss on defined benefit plans	27	(187,114)	(315,858)
Other comprehensive income for the year		(2,720,769)	2,606,274
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25,746,075	20,198,745
Attributable to:			
The equity holder of ICD		21,103,933	17,014,631
Non-controlling interests		4,642,142	3,184,114
		25,746,075	20,198,745

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	125,266,550	101,597,567
Intangible assets	12	27,358,858	27,512,290
Investment properties	13	8,001,250	7,398,980
Development properties	14	491,864	476,014
Investments in associates and joint ventures	15	38,022,686	31,333,268
Investments in marketable securities	16	29,125,832	21,255,750
Other non-current assets	17	21,881,541	14,937,763
Islamic financing and investment products	20	26,715,715	22,793,942
Loans and receivables	21	87,123,209	71,590,011
Cash and deposits with banks	22	2,615,477	3,563,511
Positive fair value of derivatives	29	914,802	1,072,383
Deferred tax assets	7	189,057	130,703
		367,706,841	303,662,182
Current assets			
Investments in marketable securities	16	3,522,022	4,353,870
Inventories	18	9,676,657	10,598,510
Trade and other receivables	19	32,004,877	30,661,265
Islamic financing and investment products	20	15,233,070	13,620,933
Loans and receivables	21	120,768,702	127,935,571
Cash and deposits with banks	22	118,358,116	90,000,638
Positive fair value of derivatives	29	1,148,515	878,237
Customer acceptances		3,859,864	4,986,419
		304,571,823	283,035,443
Assets of disposal group classified as held for sale	23	-	21,625,423
		304,571,823	304,660,866
TOTAL ASSETS		672,278,664	608,323,048

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	24	64,582,949	64,534,449
Retained earnings		71,266,173	50,214,166
Other reserves	26	16,132,992	15,604,942
Reserves of disposal group classified as held for sale	23 & 26	-	2,378,077
		<u>151,982,114</u>	<u>132,731,634</u>
Non-controlling interests	35	38,043,933	29,291,829
Total equity		<u>190,026,047</u>	<u>162,023,463</u>
Non-current liabilities			
Employees' end of service benefits	27	2,318,334	1,857,079
Borrowings and lease liabilities	28	112,960,386	98,245,608
Negative fair value of derivatives	29	1,563,794	1,612,445
Other non-current payables	30	5,668,334	4,979,738
Customer deposits	32	6,671,593	6,648,250
Islamic customer deposits	33	13,335,455	11,209,566
Deferred tax liabilities	7	1,067,624	1,100,157
		<u>143,585,520</u>	<u>125,652,843</u>
Current liabilities			
Employees' end of service benefits	27	4,146	1,223
Borrowings and lease liabilities	28	50,507,803	49,718,323
Negative fair value of derivatives	29	757,308	670,208
Trade and other payables	31	70,867,692	65,609,798
Customer deposits	32	179,038,091	167,382,683
Islamic customer deposits	33	32,969,514	27,283,768
Repurchase agreements with banks	34	35,369	67,129
Current income tax liability		627,310	1,098,616
Customer acceptances		3,859,864	4,986,419
		<u>338,667,097</u>	<u>316,818,167</u>
Liabilities of disposal group classified as held for sale	23	-	3,828,575
		<u>338,667,097</u>	<u>320,646,742</u>
Total liabilities		<u>482,252,617</u>	<u>446,299,585</u>
TOTAL EQUITY AND LIABILITIES		<u>672,278,664</u>	<u>608,323,048</u>

.....
Director

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Director

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
OPERATING ACTIVITIES			
Profit before tax from continuing operations		22,675,410	16,697,089
Profit before tax from discontinued operations		5,865,852	1,793,198
		28,541,262	18,490,287
Adjustments for:			
Depreciation and impairment on property, plant and equipment, investment properties and development properties	8	11,137,242	9,752,911
Reversal of impairment loss on non-financial assets	3	(112,917)	(3,000)
Impairment allowance on loans and receivables - net	4	3,287,371	3,114,744
Impairment allowance on Islamic financing and investment products - net	4	1,377,781	1,287,475
Amortisation and impairment of intangible assets and advance lease rental	8	1,091,771	854,585
Net gain on disposal of property, plant and equipment, investment properties, intangible assets and sale and leaseback of aircraft	3	(508,805)	(16,498)
Net change in fair value of investments carried at fair value through profit or loss	3	(103,710)	(106,677)
Impairment loss on available-for-sale investments		640,758	455,346
Other finance income		(820,925)	(764,400)
Other finance costs		3,719,282	3,520,715
Provision for employees' end of service benefits	27	937,555	859,973
Impairment loss on investments in associates and joint ventures	4	406,899	50,025
Gain on disposal of stake in an indirect associates	3	(3,033,058)	(479,211)
Reserves relating to discontinued operations reclassified to income statement		(2,378,077)	-
Share of results of associates and joint ventures - net		(4,656,750)	(2,526,624)
Gain on disposal of discontinued operations	23	(3,089,993)	-
Net gain on sale of marketable securities	3	(580,659)	(272,599)
		35,855,027	34,217,052
Working capital changes:			
Inventories		1,126,294	760,665
Trade and other receivables		(1,122,484)	(4,358,882)
Trade and other payables		4,175,139	11,488,230
Loans and receivables		(11,653,700)	(23,045,876)
Statutory deposits (banking operations)		(5,678,064)	(3,298,168)
Deposits with banks with original maturity over three months (banking operations)		(3,614,213)	(1,720,516)
Customer deposits including Islamic customer deposits		19,490,386	13,729,457
Fair value of derivatives (net)		(253,849)	(578,376)
Islamic financing and investment products with original maturity over three months		(426,380)	(5,649,630)
Other non-current assets		(2,583,448)	1,253,300
Other non-current payables		666,821	545,676
Net cash from operations		35,981,529	23,342,932
Employees' end of service benefits paid	27	(697,338)	(643,925)
Income tax paid		(640,021)	(733,062)
Exchange translation reserve and other movements		191,422	(103,742)
Net cash generated from operating activities		34,835,592	21,862,203

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and development properties		(17,510,586)	(21,357,685)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties, development properties and sale and leaseback of aircraft		1,247,664	1,151,700
Acquisition of subsidiaries	10	(3,623,662)	(2,028,829)
Other finance income received (non-banking operations)		820,925	764,400
Proceeds from disposal of a discontinued operation	23	7,016,358	-
Proceeds from dilution of investment / disposal of stake in an indirect associate of the Group		1,024,112	449,052
Net of other movement in investment in marketable securities		712,902	(384,275)
Investment in associates and joint ventures		(1,387,237)	(77,274)
Dividend from associates and joint ventures	15	3,785,547	1,163,945
Net movement in deposits with banks with original maturity over three months (non-banking operations)		(23,451,049)	(9,068,077)
Net cash used in investing activities		(31,365,026)	(29,387,043)
FINANCING ACTIVITIES			
Distribution to the Government	25	(2,765,429)	(2,233,182)
Issuance of Tier 1 Capital Notes by a banking subsidiary		1,828,579	3,648,497
Interest on Tier 1 Capital Notes issued by a banking subsidiary		(506,571)	(123,879)
Net movement in borrowings and lease liabilities		12,814,679	10,768,608
Net movement in repurchase agreements with banks		(31,760)	(663,744)
Other finance costs paid (non-banking operations)		(3,719,282)	(3,520,715)
Directors' fees paid		(21,133)	(13,837)
Dividend paid to the non-controlling interests		(1,218,604)	(1,084,029)
Net cash from financing activities		6,380,479	6,777,719
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		9,851,045	(747,121)
Cash and cash equivalents acquired on business combinations	10	716,037	3,638,980
Cash and cash equivalents relating to disposal group classified as held for sale		-	(325,288)
Cash and cash equivalents at the beginning of the year		15,178,896	12,612,325
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	25,745,978	15,178,896

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to the equity holder of ICD						
	Capital AED'000 (see note 24)	Retained earnings AED'000	Other reserves AED'000 (see note 26)	Discontinued operations AED'000	Total AED'000	Non-controlling interests AED'000 (see note 35)	Total equity AED'000
Balance at 1 January 2014	64,534,449	50,214,166	15,604,942	2,378,077	132,731,634	29,291,829	162,023,463
Profit for the year	-	23,785,204	-	-	23,785,204	4,681,640	28,466,844
Other comprehensive income for the year	-	(187,029)	(2,494,242)	-	(2,681,271)	(39,498)	(2,720,769)
Total comprehensive income for the year	-	23,598,175	(2,494,242)	-	21,103,933	4,642,142	25,746,075
Change in ownership of Tier 1 capital notes	-	-	-	-	-	4,000,000	4,000,000
Tier 1 capital notes issued	-	-	-	-	-	1,828,579	1,828,579
Increase in capital during the year	48,500	-	-	-	48,500	-	48,500
Transfer related to discontinued operations (see note 23)	-	-	2,378,077	(2,378,077)	-	-	-
Distribution paid to the Government (see note 25)	-	(2,765,429)	-	-	(2,765,429)	-	(2,765,429)
Directors' fees in subsidiaries, associates and joint ventures	-	(14,745)	-	-	(14,745)	(6,388)	(21,133)
Dividend paid to the non-controlling interests	-	-	-	-	-	(1,218,604)	(1,218,604)
Interest on Tier 1 capital notes	-	-	-	-	-	(506,571)	(506,571)
Transfers	-	(642,973)	630,539	-	(12,434)	12,434	-
Change in ownership (see note 15 (b))	-	984,842	-	-	984,842	-	984,842
Other movements	-	(107,863)	13,676	-	(94,187)	512	(93,675)
Balance at 31 December 2014	64,582,949	71,266,173	16,132,992	-	151,982,114	38,043,933	190,026,047

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2014

	Attributable to the equity holder of ICD						
	Capital AED '000 (see note 24)	Retained earnings AED '000	Other reserves AED '000 (see note 26)	Discontinued operations AED '000	Total AED '000	Non-controlling interests AED '000 (see note 35)	Total equity AED '000
Balance at 1 January 2013	64,534,449	38,630,617	14,980,789	-	118,145,855	23,698,292	141,844,147
Profit for the year	-	14,591,403	-	-	14,591,403	3,001,068	17,592,471
Other comprehensive income for the year	-	(316,821)	2,740,049	-	2,423,228	183,046	2,606,274
Total comprehensive income for the year	-	14,274,582	2,740,049	-	17,014,631	3,184,114	20,198,745
Tier 1 capital notes issued	-	-	-	-	-	3,648,497	3,648,497
Reserves relating to discontinued operations (see note 23)	-	-	(2,378,077)	2,378,077	-	-	-
Distribution paid to the Government (see note 25)	-	(2,233,182)	-	-	(2,233,182)	-	(2,233,182)
Directors' fees in subsidiaries, associates and joint ventures	-	(9,401)	-	-	(9,401)	(4,436)	(13,837)
Change in ownership	-	(17,166)	(2,249)	-	(19,415)	19,415	-
Dividend paid to the non-controlling interests	-	-	-	-	-	(1,084,029)	(1,084,029)
Interest on Tier 1 capital notes	-	(298,555)	293,361	-	(5,194)	(123,879)	(123,879)
Transfers	-	(132,729)	(28,931)	-	(161,660)	5,194	-
Other movements	-	-	(28,931)	-	(161,660)	(51,339)	(212,999)
Balance at 31 December 2013	64,534,449	50,214,166	15,604,942	2,378,077	132,731,634	29,291,829	162,023,463

The attached notes 1 to 41 form part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

1 ACTIVITIES

Investment Corporation of Dubai (“ICD”), an entity wholly owned by the Government of Dubai (the “Government”), was established in Dubai on 3 May 2006 under Emiree Decree 11 of 2006 issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of United Arab Emirates and The Ruler of Dubai.

ICD is a principal investment arm of the Government and was capitalised with the transfer of certain of the Government’s portfolio of investments from the Department of Finance-Investments Division. ICD’s role is to supervise the Government’s investment portfolio, adding value through the implementation of best practice corporate governance and embracing a global investment strategy.

The address of ICD’s registered office is PO Box 333888, Dubai, United Arab Emirates.

2.1 BASIS OF PREPARATION

The consolidated financial statements of ICD and its subsidiaries (together referred to as the “Group”) have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

These consolidated financial statements have been prepared on a historical cost basis, except for the measurement of available-for-sale investments and financial instruments at fair value through profit or loss (including derivative financial instruments) at fair value. The consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is ICD’s functional and presentation currency and all the values are rounded to the nearest thousand (AED’000) except when otherwise indicated.

The Group’s consolidated financial statements have been approved by the Board of Directors on 21 May 2015.

Certain comparative figures for the year ended 31 December 2013 have been reclassified to conform with the current year’s presentation. There is no impact on profit for the year ended 31 December 2013 or equity as at that date and such reclassifications were done for better presentation of the consolidated financial statements.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of ICD and its subsidiaries. The list of ICD’s significant subsidiaries, associates and joint ventures is provided in note 41.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s existing and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the statement of other comprehensive income (“OCI”) from the date the Group gains control until the date the Group ceases to control the subsidiary.

2.2 BASIS OF CONSOLIDATION (continued)

Profit or loss and each component of other comprehensive income (the “OCI”) are attributed to the equity holder of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous years. The Group has applied, for the first time, certain standards and amendments on their respective effective dates. The nature and the effect of changes to the consolidated financial statements as a result of such application are disclosed below.

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 consolidated financial statements of the Group, since ICD does not qualify to be an investment entity under IFRS 10.

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 consolidated financial statements 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 significant impact on the consolidated financial statements of the Group.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the year. These amendments have no significant impact on the consolidated financial statements of the Group.

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 significant impact on the consolidated financial statements of the Group.

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 consolidated financial statements of 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 financial statements. This amendment to IFRS 1 has no impact on the consolidated financial statements of the Group, since the Group is an existing IFRS preparer.

2.4 IASB STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The Standards and Interpretations issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt these Standards 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. 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. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. The Group is currently assessing the impact of IFRS 9 on its consolidated financial statements.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the 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 its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not have any impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 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.

2.4 IASB STANDARDS AND INTERPRETATIONS ISSUED BUT 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 remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the consolidated financial statements of the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment would not have any significant impact on the consolidated financial statements of the Group.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the consolidated financial statements of Group. These include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

2.4 IASB STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Annual improvements 2010-2012 Cycle (continued)

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- 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

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the consolidated financial statements of Group. These include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

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).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has made the following judgments, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for these portions separately. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Classification of investments in marketable securities

Management decides at the time of initial recognition of an investment whether it should be classified as held-to-maturity, held for trading, carried at fair value through profit or loss or available-for-sale.

For those investments deemed to be held-to-maturity, management ensures that the requirements of IAS 39 are met and, in particular that the Group has the intention and ability to hold these to maturity.

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investment securities to maturity. In the event a Group entity fails to keep these investments to maturity other than for the specific circumstances, such as, selling an insignificant amount close to maturity, the respective Group entity is required to reclassify the entire class as available-for-sale and is prohibited from classifying investment securities as held-to-maturity for the current and the following two financial years.

The Group classifies investments as held for trading if they are acquired primarily for the purpose of making a short-term profit.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as fair value through profit or loss.

All other investment securities are classified as available-for-sale.

Pension and other post employment benefits

The cost of defined benefit pension plans and other post employment medical benefits is determined using a number of ways including actuarial valuations. This process involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases and the assessment of the materiality of the amounts involved. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Fair value of financial instruments

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business reporting date. Where the fair value of the financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques including the use of various valuation models. In some cases, the Group values its unlisted investments on the basis of net assets value of the investee (based on latest available management accounts / financial statements of the investee) or their original cost, as management believes such value to be approximately equal to the fair value of unlisted investments as at the year-end. This involves significant management judgement.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Frequent flyer programme / customer loyalty programme

Two of the Group's subsidiaries account for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted as a liability (deferred revenue) in the consolidated statement of financial position.

Estimation techniques are used to determine the fair value of mile credits / rewards and reflect the weighted average of a number of factors. A rolling historical trend of the past few months forms the basis of the calculations. Adjustments to the fair value of miles / rewards are also made for miles / rewards not expected to be redeemed by members and the extent to which the demand for an award cannot be met for the dates requested.

A level of judgement is exercised by management due to the diversity of inputs that go into determining the fair value of miles / rewards. It is also difficult to present the sensitivity of a change in the value of one or a set of the inputs given the complexity of the workings.

Development and production assets – depletion

One of the Group's indirect subsidiaries' share of commercial oil reserves is computed in accordance with a Production Sharing Agreement (PSA). In arriving at the carrying value of the Group's development and production assets, in respect of the depletion charge, significant assumptions have been made. These significant assumptions include estimates of oil and gas reserves, future oil and gas prices, finalisation of gas price agreement and future development costs including the cost of drilling, infrastructure facilities and other capital and operating costs.

If the gas sales were delayed to 2019, the depletion charge would increase by AED 22.4 million (USD 6.1 million) for 2014. Should there be a significant delay in signing of the gas sales agreement at appropriate commercial terms beyond 2019, it would change the timing of the recognition of the depletion charge. Inclusion of the gas reserves has deferred a current year depletion charge in the amount of AED 317.5 million (USD 86.4 million) over the remaining life of the PSA.

The Group revised its estimated long-term view of oil prices from AED 330.75 (USD 90) per barrel to forward curve for 2014-16 and then AED 330.75 (USD 90) per barrel thereafter, from 1 January 2014 and forward curve for 2015-17 and then USD 85 per barrel thereafter, from 1 August 2014. The Group's estimated long-term view of netback prices for gas was revised from AED 12.86 (USD 3.5) per Mscf to AED 1.84 (USD 0.5) per Mscf, based on the Group's current assessment, from 1 August 2014. The effect of a downward revision in the estimated long-term oil price is to increase the level of reserves attributable to the Group and to decrease the depletion charge per barrel.

If the estimate of the long-term oil price had been AED 147 (USD 40) per barrel higher and the netback price of gas had been AED 7.35 (USD 2) per Mscf higher from 1 January 2014, the reserves attributable to the Group would decrease, with a consequent increase in the depletion charge of AED 129.36 million (USD 35.2 million) for the year.

If the estimate of the long-term oil price had been AED 147 (USD 40) per barrel lower and the netback price of gas had been AED 0.92 (USD 0.25) per Mscf lower from 1 January 2014, the reserves attributable to the Group would increase, with a consequent decrease in the depletion charge of AED 370.07 million (USD 100.7 million) for the year.

The depletion computation assumes the continued development of the field to extract the assessed oil and gas reserves and the required underlying capital expenditure to achieve the same. For this purpose, it also assumes that the PSA, which is valid up to 2025, will be extended on similar terms up to 2035 under an exclusive right to negotiate for an extension period of not less than ten years, provided for in the PSA.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment losses on property, plant and equipment

The Group reviews its property, plant and equipment to assess for impairment in their carrying value, if there is an indication of impairment. In determining whether impairment losses should be reported in the consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Depreciation of property, plant and equipment

Management determines the useful lives and residual values of property, plant and equipment based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advancement or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management has reviewed the residual values and useful lives of major items of property, plant and equipment and determined that no adjustment was necessary.

Allowances for impairment of loans and receivables, islamic financing and investment products

The Group reviews its loans and receivables portfolio, islamic financing and investment products to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans or islamic financing and investment products. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

In addition to specific allowances against individually significant loans and receivables and islamic financing and investment products, the Group also makes a collective impairment allowance to recognise that at any reporting date, there will be an amount of loans and receivables, islamic financing and investment products which are impaired even though a specific trigger point for recognition of the loss has not yet been evidenced (known as the “emergence period”).

Portfolio impairment provision

Portfolio impairment provision (“PIP”) is expected to cover the inherent risk of losses which, although not specifically identified, are known through experience to be present in the loan portfolio of the banking entities in the Group.

The PIP is set with reference to past experience using a flow rate methodology, as well as taking account of judgmental factors such as the economic environment and trends in portfolio indicators such as flow rates across all delinquency buckets and collections and recovery performance (including residential real estate price trends).

Impairment of available-for-sale investments

The Group treats available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value of investments below their costs, or where other objective evidence of impairment exists giving due consideration to other factors, including normal volatility in share prices for quoted equities and the future cash flows and the discount factors for unquoted equities.

The Group follows the guidance of IAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Derivatives

The fair value of derivative instruments are obtained from quoted market prices available, from the counterparty bank, discounted cash flow models and valuation models as appropriate. The Group uses widely recognised valuation models for determining the fair value of commodity forward and option contracts and foreign exchange forward contracts. For most of these financial instruments, inputs into models are market observable.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment in the carrying values of non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit ("CGU") and selects a suitable discount rate in order to calculate the present value of those cash flows.

Valuation of intangible assets on acquisition

For each acquisition, the Group assesses the fair value of intangible assets acquired. In instances where individual fair values of assets in a group are not reliably measurable, a single asset separate from goodwill is recognised. Where an active market does not exist for an intangible asset, fair values are established using valuation techniques e.g. discounting future cash flows from the asset. In the process, estimates are made of the future cash flows, the useful life and the discount rate based on the Group's experience and expectation at the time of acquisition.

Amortisation of intangible assets

The Group assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and the historical experience. Subsequent changes in circumstances such as technological advancement, changes in the terms of the underlying contracts or prospective utilisation of the assets concerned result in the useful lives or residual values differing from initial estimates. The Group has reviewed the residual values and useful lives of major intangible assets and determined that no adjustment is necessary.

Impairment of investments in associates and joint ventures (equity accounted investments)

At each reporting date, an assessment is made whether there is any objective evidence of impairment in the carrying values of investments in associates and joint ventures. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset. Considering the long term nature of these investments, the recoverable amount is determined based on value-in-use calculations. Calculating the value-in-use implies obtaining cash flow forecasts from the management of the equity accounted entities. Publicly listed companies often operate under restrictions due to the applicable listing regulations on disclosure of information to a selective group of the equity holders and, therefore for such investments, the Group develops its own estimated cash flows using publicly available data or analysts forecasts, as appropriate.

Percentage-of-completion

The Group uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed and management considers that the survey of work performed is the most appropriate measure of percentage of completion in arriving at the revenue to be recognised for the year.

Classification of lease - the Group as lessor

The Group has entered into aircraft leases and commercial residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these assets and so accounts for the lease contracts as operating leases.

Sale of software license

The recognition of revenues arising from the sale of software licences and provision of professional services under the Group's accounting policies involves the exercise of management judgement in determining whether individual elements in multiple element arrangements may be recognised independently and in determining the fair value to assign to each element, or should the revenue be recognised together. Management reviews the Group's customer contracts, the terms of which can be complex, and exercises judgement in determining whether an arrangement's outcome can be estimated reliably. Management also makes estimates of the total cost of professional services, or in some instances total contract costs, which are used in determining the value of amounts recoverable and any related provisions. Estimates are continually revised based on changes in the facts relating to each arrangement.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Provision for obsolete inventory

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recognised in the consolidated income statement, the Group makes judgements as to whether there is any observable data indicating that there are future adverse factors affecting the saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on past movement including future expected consumption or age analysis.

Contingent liability arising from litigations

Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entities under common control, business combinations and goodwill

Transactions involving entities under common control where the transaction has substance, and business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

For transactions involving entities under common control where transaction does not have any substance, the Group adopts the pooling of interest method. Under the pooling of interest method, the carrying value of assets and liabilities are used to account for these transactions. No goodwill is recognised as a result of the combination. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the equity 'acquired' is reflected within a merger reserve within equity.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Entities under common control, business combinations and goodwill (continued)

A number of factors are considered in evaluating whether the transaction has substance including the following:

- the purpose of transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transactions are conducted at fair values;
- the existing activities of the entities involved in the transaction; and
- whether or not it is bringing entities together into a “reporting entity” that did not exist before.

Interest in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement, have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group’s investments in joint ventures are accounted for under the equity method of accounting.

Under the equity method, the investments in joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the joint ventures. Goodwill relating to joint ventures is included in the carrying amount of the investments in joint ventures and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of joint ventures, the Group recognises its share of any changes and discloses this, where applicable, in the consolidated statement of other comprehensive income and consolidated statement of changes in equity.

Adjustments to the numbers of the joint ventures are made where necessary to ensure consistency with the policies adopted by the Group.

Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. When the remaining investment in joint venture constitutes significant influence, it is accounted for as an investment in associate.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in its associates are accounted for under the equity method of accounting.

Under the equity method, investment in an associate is carried on the consolidated statement of financial position at cost plus post acquisition changes in the Group’s share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group’s share of the results of operations of its associates. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, where applicable, in the consolidated statement of other comprehensive income and consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associate.

The Group’s share of profit of associates is shown on the face of the consolidated income statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

The financial statements of the Group's associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group. Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement. Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated income statement.

Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation
- The Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE, or
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The assessment of whether the Group has control over an SPE is carried out at inception and, reassessed at each reporting date.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax asset and liability are classified as non-current assets and liabilities, respectively.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currency translation**

The consolidated financial statements are presented in United Arab Emirates Dirhams (rounded off to the nearest thousand, unless where stated otherwise), which is ICD's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognised in the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where functional currencies of foreign operations are other than AED, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their income statements are translated at average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign entity is recognised in the consolidated income statement.

Property, plant and equipment

Property plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, and accumulated impairment in value if any. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the recognition criteria are met.

Land is not depreciated and is stated at cost less impairment, if any.

Depreciation is calculated on a straight-line basis over the useful life of property, plant and equipment as follows:

Freehold property	5 - 60 years
Buildings (including leasehold premises) and leasehold improvements	1 - 50 years
Plant, machinery equipment and vehicles	1 - 50 years
Fixed plant	5 - 22 years
Mobile plant	2 - 22 years
Marine vessels	25 years
Network, electrical and heavy equipment	3 - 20 years
Aircraft - used	5 - 8 years (residual value 10 - 20%)
Aircraft - new	15 years (residual value 10%)
Aircraft held for lease	Not to exceed 25 years
Aircraft engines and parts	5 - 15 years (residual value 0 - 10%)
Aircraft engines used for rental purposes	Based on hours flown

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

When significant parts of items of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Major overhaul expenditure is depreciated over the shorter of the period to the next major overhaul or lease term or useful life of the asset concerned.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Development and production assets

Development and production assets represent the cost of developing commercial reserves and bringing them into production, together with the Exploration and Evaluation ("E&E") expenditures incurred in finding commercial reserves transferred from intangible E&E assets.

The Group's material development and production activities are conducted in accordance with a PSA between one of the Group's indirect subsidiaries and an agency of the relevant government. Capital and operating costs are recovered as part of the cost recovery mechanism provided for in the PSA.

Cost of development and production assets also include licence acquisition costs, development drilling, engineering and construction projects and a proportion of directly attributable administrative and overhead costs.

Depletion of costs capitalised is provided using the unit-of-production method, with reference to the ratio of the production during the period and the commercial reserves of the field taking into account future development expenditures necessary to bring those reserves into production. Changes in estimates affecting the unit-of-production calculations for depletion are accounted for prospectively. Gas reserves are converted into barrels of oil equivalent based on energy conversion rate for the purpose of determining the depletion charges.

At the end of each year, an assessment is made as to whether the economic value of interests is in excess of costs capitalised. Costs capitalised as depletable interests in excess of the estimated value of the Group's discounted future net revenues of its commercial reserves are impaired as additional depletion.

Exploration and evaluation assets

E&E costs are initially capitalised within "Intangible assets". Such E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Pre-license costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the consolidated income statement as they are incurred.

E&E assets related to each exploration licence/prospect are not amortised and are carried forward until the existence (or otherwise) of commercial reserves has been established or the determination process has not been complete. If commercial reserves has been discovered, the related E&E assets are assessed for impairment and any loss is recognised in the consolidated income statement. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment and are amortised as per the Group's depletion policy. No depletion is charged during the exploration and evaluation phase.

Tangible assets acquired for use in E&E activities are classified as property, plant and equipment. The depreciation on such a tangible asset is recorded as part of the cost of E&E assets.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Commercial reserves

Commercial reserves are estimated quantities of proven and probable oil and gas reserves that available data demonstrates, with a specified degree of certainty, to be recoverable in future from known reservoirs that are considered commercially producible. The working interest of the proven and probable commercial reserves are based on a reserves report produced by an independent engineer. Reserves estimates are reviewed by the independent engineer based on significant new data or a material change with a review of the field undertaken generally every year. The Group's entitlement to the proven and probable commercial reserves are derived based on the terms of the PSA and certain assumptions made by the management in respect of estimates of oil and gas reserves, future oil and gas prices, future development costs including the cost of drilling, infrastructure facilities, signing of the gas sales agreement and other capital and operating costs.

Capital work-in-progress

Assets in the course of construction are carried at cost less accumulated impairment losses, if any. Assets that have been commissioned but not transferred to property, plant and equipment are stated at historical cost less accumulated depreciation, and impairment losses if any.

Manufacturers' credits

One of the subsidiaries of the Group receives credits from manufacturers in connection with the acquisition of certain aircraft and engines. Depending on the nature of such credits, these credits are either recorded as a reduction to the cost of the related aircraft and engines or reduced from ongoing operating expenses. Where the aircraft are held under operating leases, these credits are deferred and reduced from the operating lease rentals on a straight line basis over the period of the related lease as deferred credits.

Aircraft held for lease

Aircraft held for lease are stated at cost less accumulated depreciation and impairment losses, if any. Aircraft held for lease are depreciated using the straight-line method over useful lives not to exceed 25 years from the date of manufacture, to estimated residual values. Residual values do not exceed 15% of cost and management reviews the residual value and useful lives annually. If either of these estimates is adjusted, future depreciation charge would be adjusted in accordance with IAS 16, Property, Plant and Equipment.

Major improvements to be performed by the Group pursuant to the lease agreement are accounted for as lease incentives and are amortised against revenue over the term of the lease, assuming no lease renewals. Lessee specific modifications to the aircraft are capitalised and also amortised against revenue over the term of the lease. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to be compliant with return conditions of flight equipment at lease termination.

Major improvements and modifications incurred for an aircraft that is off-lease are capitalised and depreciated over the remaining life of the flight equipment when these increase the future economic benefit of related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition, the Group evaluates whether the lease acquired with the aircraft is at fair market value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognised when it is determined that the acquired lease's terms are above market value; lease discounts are recognised when it is determined that the acquired lease's terms are below fair market value. Lease discounts are capitalised into other liabilities and amortised as additional rental revenue on straight-line basis over the lease term. Lease premiums are capitalised into other assets and deducted from rental revenue on a straight-line basis over the lease term.

Expenditures incurred to transfer an aircraft from one lessee to another due to either lease termination or bankruptcies are expensed.

Aircraft purchase deposits

Aircraft purchase deposits are included in capital work in progress and they represent the progress payments, including capitalised interest, with various aircraft manufacturers.

Abandonment and decommissioning costs

The PSA provides for a proportion of the proceeds of the Group's oil production to be set aside in an escrow bank account to meet abandonment and decommissioning costs of well, platforms and other facilities. Under the terms of the PSA, all such costs will be met from this escrow fund account.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Crude oil overlifts and underlifts

The crude oil overlifts and underlifts arise on differences in quantities between the Group's entitlement production and the production either exported or held as inventory at the reporting date. Underlifts and overlifts of entitlement to crude oil production are recorded as a receivable and payable, respectively, and are measured at market value with the corresponding entry to revenue or cost of sales respectively, such that gross profit is recognised on entitlement basis.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded at nominal amounts.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated income statement over the period of the borrowing using the effective interest method.

Interest / profit is payable on various facilities, bank borrowings and bank loans at normal commercial rates. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure related to the qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Borrowing costs relating to the period after acquisition or construction are expensed.

Gains and losses are recognised in consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Investment properties

Properties held for rental income or for capital appreciation and/or held for undetermined future use which are not occupied by the Group (properties occupied by the Group are classified under "property, plant and equipment") companies are classified as investment properties. The Group has adopted the cost model for accounting for its investment properties. Accordingly, investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Land is not depreciated and is stated at cost less impairment, if any.

Cost is defined either as cost of construction, acquisition cost less accumulated depreciation and / or impairment losses at the date of inclusion. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property.

Depreciation is calculated on the straight line method to write-off the costs of investment properties over their estimated useful lives which is estimated by the management to be 15 - 50 years.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any amendment to the above is accounted for prospectively.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

For a transfer from investment properties to owner-occupied properties or vice versa, the deemed cost of property for subsequent accounting is its cost less accumulated depreciation and impairment at the date of change in use.

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Investment properties are derecognised either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected. Any gain or loss arising on derecognition of the investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated income statement in the year the asset is derecognised.

Development properties

Properties that are being constructed or developed for future use as investment properties or property, plant and equipment, are classified as development properties and are stated at cost less impairment losses, if any, until construction or development is complete. Properties in the course of construction for sale are classified as development properties and are stated at the lower of cost less accumulated impairment, or net realisable value.

Cost includes:

- Freehold and leasehold rights for land.
- Amounts paid to contractors for construction.
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to complete and the estimated cost of sale.

Management reviews the carrying value of the development properties on an annual basis.

Upon completion of construction or development, it is reclassified under investment properties or property, plant and equipment depending on its future intended use. No depreciation is charged during the development period.

Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the property to be completed.

In case of real estate and development subsidiaries, the cost of land and cost incurred in the course of development relating to properties sold during the year, for which revenue is recognised, are transferred to cost of revenues.

Intangible assets (excluding goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value of intangible assets as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recorded in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates i.e. adjusted prospectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill) (continued)

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives as follows:

Service rights	15 years
Customer relationships	upto 10 years
Computer software	1 - 7 years
Contractual rights	Over the term of rights
Licenses (including trade names and exclusive rights)	upto 50 years

The intangible assets includes certain trademarks which have an indefinite life.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development activities is only recognised when both the identification and recognition criteria defined in IAS 38, Intangible Assets (listed below) are met:

- the technical feasibility of completing the asset so that it will be available for use;
- the Group has the intention to complete the asset and use or sell it;
- the Group has the ability to use or sell the asset;
- it is probable that the asset created will generate future economic benefits;
- adequate technical, financial and other resources are available to the Group to complete the development and to use or sell the asset; and
- the development cost of the asset can be measured reliably.

If these conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred. The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. The expenditure capitalised is from the point at which the above criteria are met up to the point at which the product is considered available for use.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. The assessment regarding useful lives of capitalised development costs is based upon several factors including typical product lifecycle for similar assets in the market. Management will assess the useful life of capitalised development projects on a case-by-case basis, when they meet the IAS 38 requirements for capitalisation.

Investments and other non-current assets

Financial assets within the scope of IAS 39 are classified as either:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial assets, as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other non-current assets (continued)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are carried at fair value and any changes in fair value are recognised in consolidated income statement.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables include trade, contracts, retentions and other receivables, originated loans, due from banks (from the Group's banking operations), deposits, islamic financing and investments assets, syndicated loans funded on origination and other debt securities acquired (purchased) by the Group either from the issuer or another source, provided that they are not quoted in an active market. Subsequent to initial recognition such assets are carried at amortised cost using the effective interest method net of interest suspended, provisions for impairment and any amounts written off. Gains and losses are recognised in consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Subsequent to initial recognition, trade receivables are stated at amortised cost which is usually original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Due from banks and deposits

Subsequent to initial recognition, these are stated at amortised cost less any amounts written off and provision for impairment, if any.

Islamic financing and investing products

The Group's islamic financing and investing products consist of Murabaha, Mudaraba, Musharaka, investments under Sukuk and Wakala arrangements, Istisna'a and Ijara contracts.

Subsequent to initial recognition, all islamic financing and investing assets are stated at amortised cost less any provisions for impairment and deferred income.

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturity which the Group has the positive intention and ability to hold to maturity. These include certain debt instruments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost (less impairment, if any).

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other non-current assets (continued)

iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with any fair value gains or losses being recognised as cumulative changes in fair value in other comprehensive income, except in case of impairment where the accumulated loss is recycled in the consolidated income statement. When the investment is disposed off, the cumulative gain or loss previously recorded in other comprehensive income / equity is recognised in the consolidated income statement.

The fair value of available-for-sale investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

Assets in this category are included in non-current assets unless management intends to dispose off the assets within twelve months of the reporting date. The assets are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair values less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An impairment loss in respect of goodwill is not reversed. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation / amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in consolidated income statement.

The following criteria are applied in assessing impairment of specific assets.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which goodwill relates. Where the recoverable amount of a cash-generating unit is less than the carrying amount of that cash generating unit to which goodwill has been allocated plus the carrying amount of such goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill at every reporting period.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Other intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment at every reporting period either individually or at the cash generating unit level, as appropriate.

Investments in associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss against the carrying value of Group's investments in its associates or joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investments in associates or joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amounts of the investments in associates or joint ventures (as the case may be) and their carrying values and recognises the resultant impairment in the consolidated income statement.

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Loans and advances

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances are calculated on individual loans and on groups of loans assessed collectively. Impairment losses are recorded as charges to the consolidated income statement. The carrying amount of impaired loans on the consolidated statement of financial position is reduced through the use of impairment allowance accounts.

Individually assessed loans and advances

For all loans that are considered individually significant, the Group assesses on a case-by-case basis each quarter and more frequently when circumstances require whether there is any objective evidence of impairment. The criteria used by the Group to determine that there is such objective evidence include:

- known cash flow difficulties experienced by the borrower;
- past due contractual payments of either principal or interest;
- breach of loan covenants or conditions;
- decline in the realisable value of the security;
- the probability that the borrower will enter bankruptcy or other financial realisation; and
- a significant downgrading in credit rating by an external credit rating agency.

For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

- the Group's aggregate exposure to the customer;
- the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations;
- the amount and timing of expected receipts and recoveries;
- the likely dividend available on liquidation or bankruptcy;
- the extent of other creditors' commitments ranking ahead of, or pari passu with, the Group and the likelihood of other creditors continuing to support the customer;
- the complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- the realisable value of security (or other credit mitigants) and likelihood of successful repossession;
- the likely deduction of any costs involved in recovery of amounts outstanding;
- the ability of the borrower to obtain, and make payments in, the currency of the loan if not denominated in local currency; and
- when available, the secondary market price of the debt.

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's current carrying amount. The impairment allowances on individually significant accounts are reviewed at least quarterly and more regularly when circumstances require. This normally encompasses reassessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of a reduction in the established loss estimate.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Loans and advances (continued)

Collectively assessed loans and advances

Impairment is assessed on a collective basis in two circumstances:

- to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- for homogeneous groups of loans that are not considered individually significant.

Incurring but not yet identified impairment

Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Group has incurred as a result of events occurring before the reporting date, which the Group is not able to identify on an individual loan basis, and that can be reliably estimated. These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual loans within the Group, those loans are removed from the Group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- historical loss experience in portfolios of similar credit risk characteristics (for example, by industry sector, loan grade or product);
- the estimated period between impairment occurrence and the loss being identified and evidenced by the establishment of an appropriate allowance against the individual loan; and
- management's experienced judgement as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience.

The period between a loss occurrence and its identification is estimated by management for each identified portfolio.

Homogeneous groups of loans and advances

Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of loans that are not considered individually significant, because individual loan assessment is impracticable.

Losses in these groups of loans are recorded on an individual basis when individual loans are written off, at which point they are removed from the group.

Write-off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, in full, when there is no realistic prospect of recovery. Where loans are secured, this is after receipt of any proceeds from the realisation of security.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated income statement.

Other assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the consolidated income statement.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial assets

In the case of an investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale investment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on available-for-sale equity instruments are not reversed through the consolidated income statement.

If in a subsequent period, the fair value of an available-for-sale debt instrument increases which can be linked objectively to an event occurring after the write down, the write-down or impairment allowance is reversed through the consolidated income statement.

Work in progress and excess billings (in respect of construction contracts)

Work in progress is stated at cost plus attributable profits, less provision for any anticipated losses and progress payments received and receivable. Where the payments received or receivable for any contract exceed the cost plus attributable profits or less anticipated losses, the excess is shown as excess billings.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost of materials comprises of expenditure incurred in bringing each product to its present location and condition. Cost of finished goods and work in progress comprises of cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs and is determined as below:

Petroleum products	<i>weighted average</i>
Airline inventory for internal use (excluding consumer goods)	<i>weighted average</i>
Airline inventory – Maintenance, repair and overhaul (MRO) operations	<i>first-in-first-out</i>
Airline consumer goods	<i>first-in-first-out</i>
Other consumer goods	<i>weighted average</i>
Ship spares	<i>weighted average</i>
Hospitality operations	<i>weighted average</i>
Contracting inventory	<i>first-in-first-out</i>
Industrial products	<i>weighted average</i>
Fabrication materials	<i>first-in-first-out</i>

Cost of inventories includes transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Properties held with the intention of sale in future are classified as inventory properties under inventory. Inventory properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Management reviews the carrying values of the inventory properties at each reporting date.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and deposits with banks and Islamic financing and investment products with original maturity of three months or less, net of bank overdrafts and due to banks with original maturity of three months or less.

Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment management responsible for the performance of the respective segments. The segment management reports directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 40.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of settling in the near term. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- a) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; or
- b) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- c) the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a) the rights to receive cash flows from the asset have expired; or
- b) the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frequent flyer / customer loyalty programme

The Group's airline subsidiary maintains a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on the Group's airline and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

In addition to the above, the Group's banking subsidiary operates a Plus points rewards programme which allows customers to accumulate points when they purchase products on the bank's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained.

The Group accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted for as a liability (deferred revenue) in the consolidated statement of financial position. The fair value is determined using estimation techniques that take into account the fair value of awards for which they could be redeemed. Miles / points accrued through utilising the services of programme partners and paid for by the participating partners are also accounted for as deferred revenue until they are utilised. In these instances, a liability is not recognised for miles / points that are expected to expire.

Revenue is recognised in the consolidated income statement only when the Group fulfils its obligations by supplying free or discounted goods or services on redemption of the miles / points accrued.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

UAE national employees participate in the UAE government's pension fund to which the employee and the Group contribute a specified percentage of salary. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

Senior employees of certain subsidiaries who are based in the UAE also participate in provident funds to which employees of the relevant subsidiary and the subsidiary itself contribute a specified percentage of salary. Contributions to provident funds are charged to the consolidated income statement in the period in which they fall due.

End of service benefits for other employees based in the UAE are provided for as per UAE labour law and are based on periods of cumulative service and levels of employees' basic salary.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

End of service benefits for employees based outside the UAE are provided for in accordance with the relevant local regulations.

The Group operates or participates in various end of service benefit plans, which are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which the relevant subsidiary pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets at that date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the reporting date of high quality bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses for defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are immediately recognised in retained earnings through consolidated statement of comprehensive income in the period in which they arise.

Fund management

One of the Group's subsidiaries manages and administers funds on behalf of investors. The financial statements of these funds are not included in these consolidated financial statements. Information about the Group's fund management activity is set out in note 38.4.1.

Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders, for a loss they incur because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The financial guarantee liability is carried at amortised cost when payment under the contract has become probable.

Maintenance reserve

One of the Group's subsidiaries engaged in aircraft leasing business has created a maintenance reserve. Maintenance reserve represents payments received from lessees to cover the costs of periodic maintenance, repairs, and engine overhauls. The Group uses the funds to reimburse lessees for costs of certain agreed maintenance and repairs. The Group does not record any portion of maintenance reserve as income at the time of receipt. Revenue is recognised when payments received exceed the cost of performing scheduled maintenance, generally only at the end of the lease term.

The Group's aircraft are typically subject to triple-net leases under which the lessee is responsible for maintenance, insurance and taxes. The Group's operating leases also obligates the lessees to comply with all governmental requirements applicable to the flight equipment, including without limitation, operational, maintenance, registration requirements and airworthiness directives.

Share-based compensation plans

Certain employees (including senior executives) of some of the Group's subsidiaries receive remuneration in the form of share-based payment transactions, whereby such employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of shares at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation plans (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded in the consolidated income statement.

Capitalised leased assets are depreciated over the lower of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating leases are those that do not meet the definition of a finance lease. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Sale and leaseback transactions

Profits arising on sale and leaseback transactions resulting in operating leases are recognised in the consolidated income statement to the extent that the sale proceeds do not exceed the fair value of the assets concerned. Any excess of sale proceeds over the fair value is deferred and amortised over the lease term. In the case of profits arising on sale and leaseback transactions resulting in finance leases, the excess of sale proceeds over the carrying amount is deferred and amortised over the lease term.

Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to change the provisions of the lease (without renewing it) in a way that it would have been classified differently at inception had the changed terms been in effect at that time. The revised agreement is considered as a new agreement and accounted for appropriately prospectively over the remaining term of the lease.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Sale and repurchase agreements

Securities sold subject to repurchase agreements (“repos”) are disclosed in the Group’s consolidated financial statements separately when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included as a separate deposit / borrowing. Securities purchased under agreements to resell (“reverse repos”) are recorded as loans to and receivables from other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Taxes

Income tax expense comprise current and deferred tax. Income tax expense also include any interest, fines and penalties payable to the relevant tax authorities in the jurisdictions in which the Group entities operate.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Derivative financial instruments and hedging

The Group uses derivative financial instruments as trading investments as well as to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are taken directly to the consolidated income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge); or,
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to consolidated income statement over the period to maturity.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are recycled to the consolidated income statement in the periods in which the hedged item will affect the consolidated income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty and eliminating sales within the Group.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods and services

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfer of risk and rewards vary depending on the individual terms of the contract of sale. Sale of goods relating to the upstream exploration and development business excludes the sale of oil attributable to abandonment and decommissioning barrels under the terms of the Production Sharing Agreement between the Group and the relevant government authority.

Revenue from services is recognised in the period in which services are rendered.

Sale of software and licensed products

One of the Group's subsidiaries enters into arrangements, which may include the sale of licenses of that subsidiary's software products and packaged configurations ("software"), professional services, maintenance and data management services or various combinations of products or services. Revenue from the sale of software relates mainly to perpetual licenses, which provide the customers with the right to use the subsidiary's software. Revenue is generally recognised when a signed agreement or other persuasive evidence of an arrangement exists, the software has been delivered either physically or electronically, the license fee is fixed or determinable, and collection of the resulting receivable is reasonably assured. The Group recognises software license revenue based on the "Residual Method"; the fair value of the undelivered elements is deferred and the remaining portion of the fee is allocated to the delivered elements (generally the software licence).

For contracts involving multiple deliverables, the Group evaluates each deliverable to determine whether it represents a separate unit of accounting based on the following criteria: (a) whether the delivered item has value to the customer on a stand-alone basis, (b) whether there is objective and reliable evidence of the fair value of the undelivered item(s), and (c) if the contract includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group. If objective and reliable evidence of fair value exists for all units of accounting in the arrangement, revenue is allocated to each unit of accounting or element based on relative fair values. In situations where there is objective and reliable evidence of fair value for all undelivered elements, but not for delivered elements, the residual method is used to allocate the contract consideration.

The Group assesses whether the fee is fixed or determinable and collection is reasonably assured at the outset of an agreement. In determining whether the fee is fixed or determinable, the Group reviews the terms and conditions of the agreement. The Group assesses whether collection is reasonably assured based on a number of factors, including the terms and conditions of the agreement and the customer's past transaction history and credit-worthiness. If it is determined that collection of a fee is not reasonably assured, the Group defers the fee and recognises revenue at the time collection becomes reasonably assured.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of software and licensed products (continued)

Revenue from the provision of data management services is recognised rateably over the term of the service period. Many customers who license software also enter into separate professional services arrangements with the Group. The Group reviews whether such arrangements should be considered alongside other elements/arrangements to determine whether the arrangements taken together should be considered as one arrangement. Professional services are generally separable from the other elements under the arrangement, since the performance of the services is not essential to the core software functionality of the software (i.e. the services do not involve significant production, modification or customisation of the software).

Generally, consulting and implementation services are sold on a time-and-materials basis and revenue is recognised when the services are performed. Contracts with fixed or “not to exceed fees” are recognised on a percentage of completion method. When the provision of services represents more than one performance act, the nature of the service contract is reviewed to determine which revenue recognition method best reflects the nature of services performed. Provided all other revenue recognition criteria have been met, the revenue recognition method selected reflects the pattern in which the obligations to the customers have been fulfilled. If there is a significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. In determining whether professional services revenue should be accounted for separately from licence revenue, the Group evaluates, among other factors, the nature of the software, whether it is ready for use by the customer upon receipt, the nature of the Group’s implementation services, which typically do not involve significant customisation or development of the underlying software code, the availability of services from other vendors, whether the timing of payments for licence fees is coincident with performance of services and whether milestones or acceptance criteria exist that affect the collectability of the software license fee.

Maintenance revenue is deferred and recognised rateably over the term of the maintenance and support period. Where customers benefit over the implementation period from product enhancements normally provided as maintenance services, an element of the licence fee is deferred and recognised rateably over the implementation period up to the start of paid maintenance.

Training revenue is recognised as training services are delivered. To the extent that training is bundled in an arrangement, the revenue allocated is based on the value of stand-alone sales of training services.

For arrangements that do not qualify for separate accounting, the license and professional services revenues are recognised together using the percentage-of-completion method.

Revenues that are recognised ahead of billings are shown as accrued income. Expenses recharged to customers are recognised as revenue.

Sale of property

As per IFRIC 15, an agreement for the construction of real estate in which buyers have only limited ability to influence the design of the real estate, is an agreement for the sale of goods within the scope of IAS 18 “Revenue Recognition” and accordingly revenue shall be recognised only when significant risks and rewards of ownership of real estate in its entirety have been transferred to the buyer. Significant risks and rewards of ownership are deemed to be transferred to the buyer only when a sales contract has been signed, the buyer has been granted full access to the property and there is an unconditional commitment to transfer the title of the property.

Exhibitions

Revenue from exhibitions is recognised immediately once the exhibition is held.

Airline revenue

Passenger and cargo (which includes courier and mail) sales are recognised as revenue when the transportation is provided. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance. Unused flight documents are recognised as revenue based on their terms and conditions and historical trends.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from aerospace engineering and aircraft leasing

In general, the Group's aircraft lease rentals are recognised on a straight-line basis over the term of the lease. The Group will neither recognise revenue nor record a receivable from a customer when collectibility is not reasonably assured. Group's management determines whether customers should be placed on a non-accrual status based on factors such as the lessee's credit rating, payment performance, financial condition and requests for modifications of lease terms and conditions as well as security received from the lessee in the form of guarantees and/or letters of credit. Once a customer is on non-accrual status, revenue is recognised when cash payments are received. Estimating whether collectibility is reasonably assured requires some level of subjectivity and judgment as it is based primarily on the extent to which amounts outstanding exceed the value of security held, the financial strength and condition of the lessee and the current economic conditions of the lessee's operating environment. As of 31 December 2014, no leases were on non-accrual status.

The Group has three significant types of MRO revenue contracts; time and materials contracts, fixed price contracts and engine utilisation contracts. Each of the three types of contracts may have multiple deliverables. These deliverables are: (i) repair services and parts and modules embodied and (ii) replacement engine rental revenue. In these arrangements, revenue is allocated based on the relative selling prices of each of these deliverables.

At the inception of an agreement, the Group allocates the arrangement consideration to each deliverable based on the relative selling price, which is determined using the Group's best estimated selling price. The determination of the best estimated selling price involves a weighting of several factors based on the specific facts and circumstances of the arrangement. Specifically, the Group considers the cost to produce the deliverable, the anticipated margin on that deliverable, the economic conditions and trends, the selling price and the profit margin for similar parts and ongoing pricing strategy and policies. For all contracts, rental engine revenue, if applicable, is recognised monthly based on the hours flown multiplied by the appropriate hourly rate. For time and material and fixed contracts, engine repair services and engine parts embodied revenue and costs are recognised upon customer acceptance and shipment due to the majority of contracts being subject to strict regulatory and manufacturer testing procedures. For engine utilisation contracts, the Group recognises revenue upon customer acceptance and shipment due to the significant acceptance process, using a proportional performance model based on completed output deliverables under each contract. Recognition of revenue associated with unbilled receivables is limited to amounts contractually recoverable. Estimates of total contract revenue and costs for engine utilisation contracts are reviewed at a minimum each quarter. The Group records a loss provision for contracts when the Group determines that estimated future cost will exceed estimated future revenues. The estimates that the Group uses in connection with making these determinations are based on management's expectations with respect to the customer's utilisation of engines during the contract. As a result, such estimates may be materially impacted by changes in the customer's engine utilisation, including as a result of general economic slowdowns, fleet retirements and changes in the customer's codeshare agreements. Any changes could result in the Group recording material loss provisions that could have an adverse effect on the results of operations.

Revenues related to providing design and implementations of operational redesigns are recognised as services are completed and customer acceptance is achieved.

Revenues from longer term contracts related to airplane interior modifications are recognised on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated costs for each contract. Contract costs include all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, tools, repairs, and depreciation costs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Profit incentives, if any, are included in revenues when their realisation is probable and can be reliably measured. For contracts related to airplane interior modifications, it is possible that factors may cause the Group to change its estimates of revenues and costs at any time, thereby altering estimated profitability. These factors include, but are not limited to, changes in job performance and job conditions, including those arising from contract penalty provisions, if any, and final contract settlements. The impact of the revisions is recognised in the period in which the revisions are determined. Changes in these factors could result in a material effect on the results of operations of the Group.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Finance / interest income

Interest income on investments in interest bearing securities is recognised as the interest accrues using the effective interest rate, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts.

Finance income on loans and advances is recognised at the effective interest rate, taking account of the principal outstanding and the rate applicable. The recognition of interest income is suspended when loans become impaired. Notional interest is recognised on impaired loans and other non-current assets based on the rate used to discount future cash flows to their net present value. Material loan commitment fees are recognised on a time proportion basis over the commitment period. When the Group enters into an interest rate swap to change interest from fixed to floating (or vice versa) the amount of interest income or expense is adjusted by the net interest on the swap.

Fees and commission

Fee income is earned from a diverse range of services provided by the Group's banking subsidiary to its customers.

Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in "finance income".

Commission income is accounted for on an accrual basis.

Recoveries in respect of loans and receivables that have been identified as fully impaired are accounted for on a cash receipt basis.

Exchange house trading, clearing and settlement fees

Trading, clearing and settlement fees are recognised when settlement of a trade is completed.

Dividends

Dividend revenue is recognised when the Group's right to receive the payment is established.

Rental income

Rental income from investment property leased out under operating leases is recognised in income on a straight line basis over the term of the lease. When the Group provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from hotel operations

Revenue from hotel operations of the Group represents the value of services provided and food and beverage sold by the hotels during the period, whether invoiced or not. Revenue is stated net of municipal fees and service charges.

Serviced apartments

Revenue in this category represents rental income which is recognised as income on a straight line basis over the period to which it relates. Revenue is stated net of service charges and municipal fees.

Tank rental

Tank rental is recognised over the period of contractual agreement on a straight line basis.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Vessel charter hire income

Vessel charter is recognised on a straight line basis over the duration of the charter hire.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenues and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, which is determined based on surveys of work performed. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the consolidated income statement.

Gains and losses from derivative contracts

Gains and losses arising as a result of settlement of derivative contract deals during the year are recognised in the consolidated income statement. The fair values of the outstanding contracts are determined on closing exchange rates and over the counter quotations for the underlying contracts, as well as management's best estimates which takes into consideration various factors including brokers' quotation. The resulting unrealised gains and losses are also recognised in consolidated income statement with corresponding amounts as other assets and liabilities as the case may be.

Liquidated damages

Income from claims for liquidated damages is recognised in the consolidated income statement when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to a compensation for loss of income or towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Ancillary services

Revenue from ancillary services represents the amount derived from providing licenses, visas, health cards and other services falling within the Group's ordinary activities. Revenue from ancillary services is recognised in consolidated income statement as and when they are rendered.

Income from islamic financing and investment products

Islamic financing and investment products are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These products are carried at amortised cost (less impairment). Following are the main classes of islamic investment assets:

Murabaha

An agreement whereby the Group sells to a customer a commodity, which the Group has purchased and acquired, based on a promise received from the customer to repurchase the item purchased by the Group according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

The profit is quantifiable and contractually determined at the commencement of the contract. Profit is recognised as it accrues over the life of the contract using an effective profit method on the outstanding balance.

Istissna'a

An agreement between the Group and a customer whereby the Group would sell to the customer a developed property according to agreed upon specifications. The Group would develop the property either on its own or through a subcontractor and then hand it over to the customer on a fixed date at an agreed price.

Istissna'a revenue and the associated profit margin (difference between the cash price to the customer and the Group's total Istissna'a cost) are accounted for on a time proportion basis.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Ijara

An agreement, whereby the Group (lessor) leases an asset to a customer (lessee), for a specific period and against certain rent installments. Ijara could end by transferring the ownership of the asset to the lessee at the end of the agreement or substantially transferring all the risks and returns related to the ownership.

Ijara income is recognised on a time proportion basis over the period of contract.

Mudaraba

An agreement between two parties; one of them provides the funds and is called Rab-UI-Mal and the other provides efforts and expertise and is called the Mudarib. Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudaraba income. In case of normal loss; the Rab-UI-Mal would bear the loss of his funds while the Mudarib would bear the loss of his efforts. However, in case of default, negligence or violation of any of the terms and conditions of the Mudaraba agreement, only the Mudarib would bear the losses. The Group may act as Mudarib when accepting funds from depositors and as Rab-UI-Mal when investing such funds on a Mudaraba basis.

Income on Mudaraba financing is recognised on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

Wakala

An agreement whereby the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

Sukuk

Investment Sukuk are certificates of equal value, representing undivided shares in ownership of tangible assets, usufruct and services or assets of particular projects or special investment activity. Sukuk represent a common share in the ownership of the assets made available for investment.

Income is accounted for on a time-apportioned basis over the terms of the Sukuk.

Bond Holders' share of profit

Profit to Bond Holders (investors in Shari'a compliant funds issued by one of the Group's subsidiaries) included in cost of revenue is calculated on the following basis:

- allocation of revenues and expenses, after exclusion of disallowed items, to a fund maintained by one of the subsidiaries of the Group (the "Fund"), on a pro-rata basis by reference to the amount of the Fund's assets invested compared with the independent co-investment made by the subsidiary's shareholders, as per the requirements of the Fund's prospectus, and
- allocation of the Fund's net profit between the subsidiary and Bond Holders at a ratio of 80:20 to the subsidiary and the Bond Holders, respectively, in accordance with the requirements of the prospectus and as approved by the Fund's Shari'a Supervisory Board.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than its continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to sell, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or distribution or already disposed in such a way, or
- A major line of business or major geographical area

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the consolidated statement of financial position. Results of the discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement. There is no requirement to re-present prior period information for statement of financial position. Additional disclosures are provided in note 23.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

3 OTHER INCOME

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Foreign exchange translation gain	1,173,029	934,982
Liquidated damages	1,305,825	698,320
Gain on disposal of stake in an indirect associate (see note 15 (c))	3,033,058	479,211
Gain on re-measurement of an indirect joint venture on conversion into a subsidiary (see note 10)	-	31,312
Net gain on sale of marketable securities	580,659	272,599
Net change in fair value of investments carried at fair value through profit or loss (see note 16)	103,710	106,677
Dividend income from marketable securities	51,512	89,360
Net gain on disposal of property, plant and equipment, investment and other properties, intangible assets and sale and leaseback of aircraft	508,805	16,498
Vendors' support fee income	297,978	269,817
Gain on bargain purchase (see note 10 (a))	38,488	-
Reversal of impairment loss on non-financial assets (see notes 13 and 14)	112,917	3,000
Others	2,255,208	2,267,975
	9,461,189	5,169,751

**4 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND EQUITY ACCOUNTED
INVESTEES**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Impairment loss on loans and receivables - net of recoveries (see note 21)	3,287,371	3,114,744
Impairment loss on trade and other receivables - net of recoveries (see note 19)	247,084	33,626
Impairment loss on available-for-sale investments	640,758	452,378
Impairment loss on investment in associates and joint ventures (see note 15)	406,899	50,025
Impairment loss on islamic financing and investment products – net of recoveries (see note 20)	1,377,781	1,287,475
Other impairment losses - net	225,692	46,443
Impairment loss on other non-current assets – net of recoveries (see note 17.4)	19,315	-
	6,204,900	4,984,691

5 OTHER FINANCE INCOME

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Interest income and profit from bank deposits	294,139	342,461
Interest income and profit from associates and joint ventures (see note 37 (a))	157,464	57,000
Interest income and profit from Government, Ministry of Finance of the UAE (“MOF”) and other related parties (see note 37 (a))	362,675	352,125
Other interest income and profit	6,647	12,814
	820,925	764,400

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

6 OTHER FINANCE COSTS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Finance costs on bank borrowings	1,917,447	1,653,089
Interest on loans from associates and joint ventures (see note 37 (a))	150,953	145,699
Interest on loans from Government, MOF and other related parties (see note 37 (a))	478,062	701,529
Finance charges on finance leases and hire purchase contracts	928,086	781,831
Others	244,734	238,567
	<u>3,719,282</u>	<u>3,520,715</u>

7 INCOME TAX EXPENSE

The components of income tax expense are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<i>Current income tax</i>		
Current income tax charge	164,493	738,167
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(90,075)	157,396
Income tax expense related to continuing operations	74,418	895,563
Income tax attributable to discontinued operations (see note 23)	-	2,253
	<u>74,418</u>	<u>897,816</u>

Deferred income tax

Deferred income tax at year-end relates to the following:

	<i>Consolidated statement of financial position 2014 AED'000</i>	<i>Consolidated income statement 2014 AED'000</i>
<i>Deferred tax liability</i>		
Accelerated depreciation for tax purposes	874,247	(49,410)
Tax effect of intangible assets and other timing differences	193,377	36,360
Fair value of derivative instruments	-	812
	<u>1,067,624</u>	<u>(12,238)</u>
	<i>Consolidated statement of financial position 2014 AED'000</i>	<i>Consolidated income statement 2014 AED'000</i>
<i>Deferred tax asset</i>		
Losses available for offset against future taxable income	46,430	(14,447)
Inventory and deferred hedging assets	8,383	(1,646)
Other timing differences	134,244	(61,744)
	<u>189,057</u>	<u>(77,837)</u>
Deferred income tax		<u>(90,075)</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

7 INCOME TAX EXPENSE (continued)

Deferred income tax (continued)

	<i>Consolidated statement of financial position 2013 AED'000</i>	<i>Consolidated income statement 2013 AED'000</i>
<i>Deferred tax liability</i>		
Accelerated depreciation for tax purposes	930,803	153,880
Tax effect of intangible assets and other timing differences	169,354	(8,402)
	<u>1,100,157</u>	<u>145,478</u>
	<i>Consolidated statement of financial position 2013 AED'000</i>	<i>Consolidated income statement 2013 AED'000</i>
<i>Deferred tax asset</i>		
Losses available for offset against future taxable income	14,147	14,371
Inventory and deferred hedging assets	6,735	(1,092)
Other timing differences	109,821	(1,361)
	<u>130,703</u>	<u>11,918</u>
Deferred income tax		<u><u>157,396</u></u>

A significant part of the Group's operations are carried out within the United Arab Emirates ("UAE") and presently the Group's operations in the UAE are not subject to corporation tax. Some of the Group's subsidiaries operating in various tax jurisdictions secured tax exemptions by virtue of double taxation avoidance agreements and reciprocal arrangements in most of the jurisdictions in which they operate.

Income tax therefore relates only to certain overseas subsidiary companies and operations which are subject to income tax.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	<i>2014 AED'000</i>	<i>2013 AED'000</i>
Net profit before tax as per the consolidated income statement		
Continuing operations	22,675,410	16,697,089
Discontinued operations	5,865,852	1,793,198
Total profit before tax	<u>28,541,262</u>	<u>18,490,287</u>
Of which profit arising from taxable jurisdictions are:	<u>3,943,221</u>	<u>3,069,489</u>
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	764,999	865,300
Effect of non-deductible expenses	60,720	46,516
Effect of income exempt from tax	(33,786)	(36,327)
Prior period adjustment / release of provision *	(678,401)	(6,441)
Impact of tax rate change	19,277	(4,143)
Effect of other items	(58,391)	30,658
Income tax expense - net	<u>74,418</u>	<u>895,563</u>

* This includes release of provision of AED 587,838 thousand in respect of prior years.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 PROFIT FOR THE YEAR

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Profit for the year is stated after charging the following:		
Staff costs	<u>21,339,441</u>	<u>19,749,498</u>
Rental-operating leases (includes aircraft operating lease payments of AED 5,969,838 thousand (2013: AED 5,803,551 thousand))	<u>7,386,753</u>	<u>6,362,355</u>
Depreciation and impairment on property, plant and equipment, investment properties and development properties (see notes 11, 13 and 14)	<u>11,137,242</u>	<u>9,752,911</u>
Amortisation and impairment of intangible assets and advance lease rental (see notes 12 and 17.3)	<u>1,091,771</u>	<u>854,585</u>

Staff costs include pension costs amounting to AED 86,964 thousand (2013: AED 98,713 thousand), other post employment benefits amounting to AED 810,629 thousand (2013: AED 739,777 thousand) and employee profit share scheme expense amounting to AED 71,690 thousand (2013: AED 63,557 thousand).

9 NET GAIN FROM DERIVATIVE INVESTMENTS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Realised net gain / (loss) on commodity oil derivative contracts	56,334	(35,081)
Unrealised net gain / (loss) on commodity oil derivatives	440,754	(30,760)
Net gain on other derivatives	42,792	114,973
Unrealised net gain / (loss) on interest rate swap contracts	5,033	(787)
	<u>544,913</u>	<u>48,345</u>

Investment Corporation of Dubai and its subsidiaries

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10 BUSINESS COMBINATIONS

a) Acquisition of Atlantis The Palm Holding Company Limited

During 2014, the Group acquired the business of Atlantis The Palm Holding Company Limited (“Atlantis”) for a consideration of AED 2,742,285 thousand. The principal activity of Atlantis is operating as a hotel and resort.

The Group recorded fair value of assets and liabilities of Atlantis at the date of acquisition which are summarised as below:

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	6,271,123
Inventories	15,598
Trade and other receivables	137,361
Cash and deposits with banks	487,764
Employees' end of service benefits (note 27)	(29,215)
Borrowings and lease liabilities	(3,670,087)
Negative fair value of derivatives (note 16)	(179,601)
Other non-current payables	(19,910)
Trade and other payables	(232,260)
Fair value of the net assets acquired	2,780,773
Purchase consideration	(2,742,285)
Gain on a bargain purchase	38,488
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	487,764
Cash paid	(2,742,285)
Net cash outflow on acquisition	(2,254,521)

Costs of acquisition have been charged to the consolidated income statement.

The acquired business contributed revenue of AED 887,527 thousand and a profit of AED 57,477 thousand from the acquisition date to 31 December 2014. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 1,875,540 thousand and AED 183,974 thousand respectively.

Investment Corporation of Dubai and its subsidiaries

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10 BUSINESS COMBINATIONS (continued)

b) Acquisition of AMSA Holdings FZE

During 2014, the Group acquired the business of AMSA Holdings FZE (“AMSA”). The principal activity of AMSA is owning and leasing of properties.

The Group recorded fair value of assets and liabilities of AMSA at the date of acquisition which are summarised as below:

	<i>Fair values AED '000</i>
Property, plant and equipment (note 11)	575,266
Other non-current assets	19,841
Inventories	3,796
Trade and other receivables	262
Trade and other payables	(3,953)
Fair value of the net assets acquired	595,212
Cash consideration (see note below)	595,212
Consideration	187,256
Shareholder loan acquired	407,956
Net cash outflow on acquisition	595,212

Costs of acquisition have been charged to the consolidated income statement.

Most of AMSA’s operations are with another entity of the Group, hence most of the revenue from AMSA gets eliminated at Group level.

c) Acquisition of Gold Medal International plc

During 2014, one of the subsidiaries of the Group acquired the business of Gold Medal International plc (“Gold Medal”). Gold Medal is one of the leading distributors of scheduled long-haul travel products in the United Kingdom.

The Group recorded fair value of assets and liabilities of Gold Medal at the date of acquisition which are summarised as below:

	<i>Fair values AED '000</i>
Property, plant and equipment (note 11)	5,944
Intangible assets (note 12)	160,820
Trade and other receivables	79,709
Deferred tax assets	14,306
Cash and deposits with banks	52,093
Deferred tax liabilities	(32,316)
Trade and other payables	(202,824)
Fair value of the net assets acquired	77,732
Goodwill (note 12)	153,013
Consideration	230,745
Cash and deposits with banks acquired	(52,093)
Net cash outflow on acquisition	178,652

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10 BUSINESS COMBINATIONS (continued)

c) Acquisition of Gold Medal International plc (continued)

Costs of acquisition amounting to AED 5,407 thousand have been charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

The acquired business contributed revenue of AED 56,020 thousand and a loss of AED 2,427 thousand from the acquisition date to 31 December 2014. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 970,452 thousand and AED 39,361 thousand respectively.

d) Acquisition of Stella Travel Group

During 2014, one of the subsidiaries of the Group acquired the business of Stella Travel Group (including Stella Travel Services (UK) Ltd and Stella Global UK Ltd) ("Stella"). Stella is one of the leading distributors of scheduled long-haul travel products in the United Kingdom.

The Group recorded fair value of assets and liabilities of Stella Travel Group ("Stella") at the date of acquisition which are summarised as below:

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	11,983
Intangible assets (note 12)	80,383
Trade and other receivables	356,979
Deferred tax assets	30,707
Cash and deposits with banks	176,180
Deferred tax liabilities	(16,107)
Trade and other payables	(645,583)
Fair value of the net assets acquired	(5,458)
Goodwill (note 12)	60,878
	55,420
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	176,180
Consideration	(55,420)
Net cash inflow on acquisition	120,760

Costs of acquisition amounting to AED 2,704 thousand have been charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

The acquired business contributed revenue of AED 344,732 thousand and a loss of AED 972 thousand from the acquisition date to 31 December 2014. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 1,955,887 thousand and AED 14,548 thousand respectively.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

10 BUSINESS COMBINATIONS (continued)

e) Acquisition of BNP PARIBAS EGYPT S.A.E (since renamed as Emirates NBD S.A.E)

During 2013, a banking subsidiary of the Group acquired the business of Emirates NBD S.A.E (“Emirates NBD, Egypt”) for a consideration of AED 1,837,686 thousand.

The Group recorded fair value of assets and liabilities of Emirates NBD, Egypt at the date of acquisition which are summarised as below:

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	421,009
Intangible assets (note 12)	456,000
Investments in marketable securities	1,649,000
Other non-current assets	43,000
Loans and receivables	3,554,000
Cash and deposits with banks	3,599,000
Trade and other payables	(284,303)
Customer deposits	(7,735,000)
Fair value of the net assets acquired	1,702,706
Purchase consideration	1,837,686
Goodwill (note 12)	134,980
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	3,599,000
Consideration	(1,837,686)
Net cash inflow on acquisition	1,761,314

Costs of acquisition amounting to AED 24 million were charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

f) Acquisition of Broadlex Air Services

During 2013, one of the subsidiaries of the Group, acquired the business of Broadlex Air Services. Broadlex Air Services provides professional aircraft cabin cleaning services at various airports in Australia.

The Group recorded fair value of assets and liabilities of Broadlex Air Services at the date of acquisition which are summarised as below:

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	8,261
Intangible assets (note 12)	20,991
Trade and other receivables	282
Deferred tax liability	(6,295)
Trade and other payables	(3,047)
Fair value of the net assets acquired	20,192
Goodwill (note 12)	38,343
Consideration and cash outflow on acquisition	58,535

Costs of acquisition amounting to AED 2,731 thousand were charged to the consolidated income statement.

Goodwill is attributable to expected synergies, revenue growth and future market development of the acquired businesses.

Investment Corporation of Dubai and its subsidiaries

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At 31 December 2014

10 BUSINESS COMBINATIONS (continued)

g) Acquisition of Servair Air Chef srl

During 2013, one of the subsidiaries of the Group obtained control of an existing joint venture, Servair Air Chef srl (“Servair”), by acquiring the remaining 50% shares of Servair. Servair is one of the leading in-flight catering companies in Italy operating in 23 airports.

The Group recorded fair value of assets and liabilities of Servair at the date of acquisition which are summarised as below:

	<i>Fair values</i> <i>AED '000</i>
Property, plant and equipment (note 11)	11,270
Intangible assets (note 12)	26,906
Investments in associates and joint ventures (note 15)	2,869
Deferred tax asset	3,503
Trade and other receivables	77,764
Cash and deposits with banks	39,980
Trade and other payables	(87,822)
Fair value of the net assets acquired	74,470
Less: Non-controlling interests	(1,090)
Group's share of net assets acquired	73,380
Goodwill (note 12)	177,622
Consideration	251,002
Less: Cash and deposits with banks acquired	(39,980)
Less: Fair value of existing interest	(118,394)
Net cash outflow on acquisition	92,628

Costs of acquisition amounting to AED 2,213 thousand were charged to the consolidated income statement.

The retained interest in the indirect joint venture at the acquisition date was re-measured to fair value resulting in a net gain of AED 31,312 thousand, which has been included under “other income” in the consolidated income statement (see note 3).

The goodwill is attributable to the profitability of the acquired business and expected synergies with existing inflight catering business. The full acquisition of this business reflects the subsidiary's long term strategy to further invest in its core business. The Italian business complements the subsidiary's existing in-flight catering and cabin cleaning operations around the world.

Investment Corporation of Dubai and its subsidiaries

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11 PROPERTY, PLANT AND EQUIPMENT

	<i>Land, buildings and leasehold improvements</i> AED'000	<i>Furniture, fixtures and office equipment</i> AED'000	<i>Plant, machinery and vehicles</i> AED'000	<i>Oil and gas interests</i> AED'000	<i>Aircraft</i> AED'000	<i>Aircraft engines and parts</i> AED'000	<i>Capital work-in-progress (CWIP)</i> AED'000	<i>Total</i> AED'000
Cost:								
Balance at 1 January 2014	21,351,661	4,469,147	20,166,736	11,007,882	64,665,108	4,884,742	11,170,866	137,716,142
Net transfers (to) / from investment properties (see note 13)	(41,330)	-	33,621	-	-	-	19,899	(21,431)
Transfers from development properties (see note 14)	38,539	-	757,758	-	15,527,619	660,190	-	72,160
Other transfers	2,388,664	280,599	2,679,010	-	1,546,315	447,166	(19,614,830)	-
Additions during the year	472,940	381,538	36	2,301,774	-	-	19,334	27,826,441
Acquired on business combinations (see note 10)	6,647,137	197,809	36	-	-	-	19,334	6,864,316
Disposals during the year	(162,800)	(214,641)	(1,921,038)	-	(736,844)	(61,925)	(159,795)	(3,257,043)
Translation differences	(64,794)	(16,470)	(70,167)	-	1	-	(4,128)	(155,558)
At 31 December 2014	30,630,017	5,097,982	21,645,956	13,309,656	81,002,199	5,930,173	11,429,044	169,045,027
Accumulated depreciation and impairment:								
Balance at 1 January 2014	5,701,042	3,257,586	9,926,896	5,456,291	10,313,537	1,462,256	967	36,118,575
Impairment and depreciation charge for the year (see note 8)	1,205,946	525,974	2,916,576	1,162,086	4,205,387	371,698	500	10,388,167
Relating to disposals during the year	(136,248)	(189,538)	(1,783,025)	-	(516,920)	(35,484)	-	(2,661,215)
Transfer to investment properties (see note 13)	(7,347)	-	-	-	-	-	-	(7,347)
Translation differences	(17,475)	(11,517)	(30,711)	-	-	1	(1)	(59,703)
At 31 December 2014	6,745,918	3,582,505	11,029,736	6,618,377	14,002,004	1,798,471	1,466	43,778,477
Net book value:								
At 31 December 2014	23,884,099	1,515,477	10,616,220	6,691,279	67,000,195	4,131,702	11,427,578	125,266,550

Investment Corporation of Dubai and its subsidiaries

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11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and leasehold improvements AED '000	Furniture, fixtures and office equipment AED '000	Plant, machinery and vehicles AED '000	Oil and gas interests AED '000	Aircraft AED '000	Aircraft engines and parts AED '000	Capital work-in-progress (CWIP) AED '000	Total AED '000
Cost:								
Balance at 1 January 2013	26,146,505	4,374,126	36,679,139	10,008,951	50,411,314	4,310,079	9,800,358	141,730,472
Net transfers from / (to) investment properties (see note 13)	-	15,134	-	-	-	-	(7,532)	7,602
Transfers from development properties (see note 14)	43,140	-	-	-	-	-	-	43,140
Other transfers	384,163	208,891	1,186,762	-	13,725,675	323,103	(15,828,594)	-
Transfers to assets held for sale (see note 23)	(5,416,445)	(402,250)	(18,442,292)	-	-	-	(663,063)	(24,924,050)
Additions during the year	368,583	443,928	3,026,095	998,931	1,123,899	349,564	17,899,832	24,210,832
Acquired on business combinations (see note 10)	323,586	1,018	49,269	-	-	-	66,667	440,540
Disposals during the year	(416,165)	(178,209)	(2,258,934)	-	(595,780)	(98,004)	(95,213)	(3,642,305)
Translation differences	(79,233)	6,527	(73,193)	-	-	-	(1,589)	(147,488)
Write off during the year	(2,473)	(18)	(110)	-	-	-	-	(2,601)
At 31 December 2013	21,351,661	4,469,147	20,166,736	11,007,882	64,665,108	4,884,742	11,170,866	137,716,142
Accumulated depreciation and impairment:								
Balance at 1 January 2013	7,523,864	3,151,801	19,113,439	4,666,250	7,108,349	1,195,306	967	42,759,976
Impairment and depreciation charge for the year (see note 8)	1,188,081	534,763	3,538,645	790,040	3,283,120	299,029	-	9,633,678
Relating to disposals during the year	(391,238)	(153,998)	(2,133,969)	-	(77,932)	(32,078)	-	(2,789,215)
Transfers to assets held for sale (see note 23)	(2,619,839)	(271,050)	(10,560,038)	-	-	-	-	(13,450,927)
Translation differences	1,054	(3,945)	(31,107)	1	-	(1)	-	(33,998)
Write off during the year	(847)	(18)	(74)	-	-	-	-	(939)
Other transfers	(33)	33	-	-	-	-	-	-
At 31 December 2013	5,701,042	3,257,586	9,926,896	5,456,291	10,313,537	1,462,256	967	36,118,575
Net book value:								
At 31 December 2013	15,650,619	1,211,561	10,239,840	5,551,591	54,351,571	3,422,486	11,169,899	101,597,567

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At 31 December 2014

11 PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Land, buildings and leasehold improvements include:
- (i) Certain buildings and leasehold improvements constructed on land granted by the Government. The Group accounted for this non-monetary government grant received during the previous years at nominal value.
 - (ii) Certain business premises erected on plots of land obtained on a leasehold basis from the Government/third parties. The management is of the opinion that the leases are renewable and the land will be available to the Group on an ongoing basis in the foreseeable future.
- (b) The net book value of property, plant and equipment includes AED 46,311,962 thousand (2013: AED 35,115,805 thousand) in respect of aircraft and aircraft engines held under finance leases and are provided as security against finance lease liabilities included under borrowings and lease liabilities.
- (c) Borrowing costs amounting to AED 131,727 thousand (2013: AED 219,097 thousand) have been capitalised during the year.
- (d) Capital work-in-progress includes:
- (i) pre-delivery payments of AED 7,742,373 thousand (2013: AED 6,550,776 thousand) in respect of aircraft due for delivery in various years until 2028 (2013: due for delivery in various years until 2024).
 - (ii) construction relating to pipeline, gas processing plant, berth facilities and construction of retail sites.
- (e) Aircraft includes an amount of AED 5,329,658 thousand (2013: AED 5,154,283 thousand) given on operating leases to various operators for lease terms ranging up to 18 years (2013: up to 12 years). The rentals are receivable on a monthly basis in advance and revenue is recognised when earned.
- (f) Plant, machinery equipment and vehicles includes a refinery plant in Jebel Ali, constructed by one of the subsidiaries of the Group on a leasehold land granted at a nominal lease rent from the Government. The lease is initially for a period of 15 years which can be renewed for a further period of 15 years.

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12 INTANGIBLE ASSETS

	<i>Licences and exclusive rights AED'000</i>	<i>Goodwill AED'000</i>	<i>Customer relationships and trade names AED'000</i>	<i>Computer software AED'000</i>	<i>Service rights AED'000</i>	<i>Contractual rights AED'000</i>	<i>Capital work-in- progress AED'000</i>	<i>Total AED'000</i>
Cost:								
Balance at 1 January 2014	11,774,940	14,812,968	580,514	1,172,474	1,110,792	936,204	134,481	30,522,373
Additions during the year	127,019	-	5,450	97,076	190,920	80	158,255	578,800
Disposals during the year	(8,625)	-	-	(113,731)	-	-	(3,181)	(125,537)
Acquired on business combination (see note 10)	-	213,891	53,187	6,894	-	181,122	-	455,094
Transfers	-	-	-	119,915	-	-	(119,915)	-
Translation differences	(16,427)	(164,782)	(14,266)	(7,062)	(1,538)	(64,967)	(2)	(269,044)
At 31 December 2014	11,876,907	14,862,077	624,885	1,275,566	1,300,174	1,052,439	169,638	31,161,686
Accumulated amortisation and impairment:								
Balance at 1 January 2014	869,557	61,797	346,415	838,035	514,361	379,918	-	3,010,083
Impairment and amortisation charge for the year (see note 8)	460,201	22	61,641	128,427	191,161	74,979	-	916,431
Relating to disposals during the year	(8,625)	-	-	(57,892)	-	-	-	(66,517)
Translation differences	(5,642)	(9,452)	(3,444)	(3,262)	-	(35,369)	-	(57,169)
At 31 December 2014	1,315,491	52,367	404,612	905,308	705,522	419,528	-	3,802,828
Net book value:								
At 31 December 2014	10,561,416	14,809,710	220,273	370,258	594,652	632,911	169,638	27,358,858

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

12 INTANGIBLE ASSETS (continued)

	<i>Licences and exclusive rights AED'000</i>	<i>Goodwill AED'000</i>	<i>Customer relationships and trade names AED'000</i>	<i>Computer software AED'000</i>	<i>Service rights AED'000</i>	<i>Contractual rights AED'000</i>	<i>Capital work-in- progress AED'000</i>	<i>Total AED'000</i>
Cost:								
Balance at 1 January 2013	9,540,315	14,505,583	535,309	1,014,824	797,947	928,624	126,937	27,449,539
Additions during the year	1,884,269	-	-	28,327	213,845	199	155,232	2,281,872
Disposals during the year	(8,310)	(53,438)	(1,691)	(762)	-	(276)	(18,831)	(83,308)
Acquired on business combination (see note 10)	357,000	350,945	46,115	1,782	99,000	-	-	854,842
Transfers	-	-	-	128,842	-	-	(128,842)	-
Translation differences	1,666	9,878	781	(539)	-	7,657	(15)	19,428
At 31 December 2013	11,774,940	14,812,968	580,514	1,172,474	1,110,792	936,204	134,481	30,522,373
Accumulated amortisation and impairment:								
Balance at 1 January 2013	521,185	62,212	290,791	712,366	424,846	307,365	-	2,318,765
Impairment and amortisation charge for the year (see note 8)	352,599	55	55,843	127,028	89,515	67,644	-	692,684
Relating to disposals during the year	(6,476)	(2,720)	(970)	(630)	-	(161)	-	(10,957)
Translation differences	2,249	2,250	751	(729)	-	5,070	-	9,591
At 31 December 2013	869,557	61,797	346,415	838,035	514,361	379,918	-	3,010,083
Net book value:								
At 31 December 2013	10,905,383	14,751,171	234,099	334,439	596,431	556,286	134,481	27,512,290

12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets

A significant proportion of goodwill and other intangible assets of the Group relate to Emirates NBD PJSC, Emirates, Dnata, Borse Dubai Limited, Dubai Aerospace Enterprise Limited and D-Clear Europe Limited. Significant assumptions used by the management in carrying out impairment testing of such assets are as follow:

(a) Emirates NBD PJSC

The goodwill acquired through business combinations with indefinite lives is reviewed annually for impairment by comparing the recoverable amount based on value-in-use calculations for CGUs to which goodwill has been allocated with their carrying values.

The goodwill has been allocated to following CGUs:

- Corporate banking
- Consumer banking
- Treasury
- Emirates NBD Egypt

The recoverable amount of the CGUs has been determined based on a value in use calculation, using cash flow projections covering a five-year period and applying a terminal growth rate thereafter.

The calculation of value in use of CGUs is most sensitive to the following assumptions:

- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product (“GDP”); and
- Local inflation rates.

Interest margins

Interest margins are based on average values achieved in the three years preceding the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates

Discount rates reflect management’s estimate of return on capital employed (“ROCE”) required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the Weighted Average Cost of Capital (“WACC”).

Projected growth rate, GDP and local inflation rates

Assumptions are based on published industry research.

At 31 December 2014, the goodwill allocated to Corporate Banking was AED 3,364 million (2013: AED 3,364 million), the goodwill allocated to Consumer Banking was AED 1,700 million (2013: AED 1,700 million), the goodwill allocated to Treasury was AED 206 million (2013: AED 206 million), and the goodwill allocated to Emirates NBD Egypt was AED 135 million (2013: AED 135 million).

The recoverable amount of goodwill of CGUs has been determined on the basis of value in use calculation using cash flow projections covering a five year period, with a terminal growth rate of 2% applied thereafter. The forecast cash flows have been discounted at a rate of 13.5%. A one percent increase in the discount rate or one percent decrease in the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

Cash generating units	One percent increase in discount rate (AED million)	One percent decrease in in terminal growth rate (AED million)
Corporate Banking	4,253	2,789
Consumer Banking	2,646	1,752
Treasury	299	196
Emirates NBD Egypt	233	146

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12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)

(b) *Emirates*

For the purpose of impairment testing of goodwill the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period. Cash flows beyond the three year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rates based on management's expectations for market development. The growth rate does not exceed the long term average growth rate for the markets in which the cash generating units operate. Any reasonably possible changes to the assumptions will not lead to an impairment. The goodwill allocated to the cash generating unit or group of cash generating units and the key assumptions used in the value-in-use calculations are as follows:

Cash generating units	Location	Goodwill (AED million)		Discount rate %	Gross margin %	Terminal growth rate %
		2014	2013			
Consumer goods	UAE	159	159	12	25	4
In-flight catering	UAE	369	369	12	34	4
Food and beverage	UAE	25	25	12	22	4
Food and beverage	Australia	3	4	12	22	4
		556	557			

(c) *Dnata*

For the purpose of impairment testing of goodwill, the recoverable amounts for cash generating units or group of cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a period of three to five years. Cash flows beyond such period have been extrapolated using terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rate based on management's expectations for market development. The growth rate does not exceed the long term average growth rate for the markets in which the cash generating units or group of cash generating units operate. The goodwill allocated to cash generating units or group of cash generating units and the key assumptions used in the value-in-use calculations are as follows:

Cash generating units	Location	Goodwill (AED million)		Discount rate %	Gross margin %	Terminal growth rate %
		2014	2013			
Airport services	Singapore	94	98	7.0	21.5	3.0
Airport services	Switzerland	252	280	6.0	6.7	1.5
Airport services	Australia	30	34	10.0	22.0	3.0
In-flight catering group	UK	523	553	8.0	14.5	1.5
Online travel services	UK	531	561	9.0	8.0	1.5
Travel services	UK	202	-	9.0	8.0	1.5
Travel services	UAE	3	3	-	-	-
		1,635	1,529			

The recoverable value of cash generating units or group of cash generating units would not fall below their carrying amount with a 1% reduction in terminal growth rate or a 1% increase in the discount rate.

Investment Corporation of Dubai and its subsidiaries

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12 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill and other intangible assets (continued)

(d) Borse Dubai Limited

Goodwill relating to Borse Dubai Limited has a carrying value of AED 2,883 million (2013: AED 2,883 million). Management has allocated the entire goodwill to the Dubai Financial Market (“DFM”), a subsidiary of Borse Dubai Limited. There was no indication of impairment of such goodwill at 31 December 2014 and 31 December 2013 as DFM’s quoted market price at 31 December 2014 and 2013 was higher than the carrying amount of DFM at the respective dates.

e) Dubai Aerospace Enterprise Limited

Goodwill relating to DAE has a carrying value of AED 3,651 million (2013: AED 3,651 million). As at 31 December, the recoverable amount of the goodwill was determined based on a value-in-use calculation using cash flow projections from financial plans, covering a six year period. The average gross margin used in these plans is 14% (2013: 16%), which is based upon historical results. The pre-tax discount rate applied to these cash flow projections is 10% per annum (2013: 10% per annum), reflecting the Group’s estimate of risks specific to the business. Cash flows beyond the six year period were extrapolated using a growth rate of approximately 2% per annum (2013: 2% per annum) based upon historical growth results of existing business lines. Based on the results of this analysis, the Group determined that the carrying value of the goodwill is not impaired as of 31 December 2014 and 31 December 2013.

f) D-Clear Europe Limited

Goodwill relating to D-Clear has a carrying value of AED 679,214 thousand (2013: AED 722,800 thousand). The Group considers that goodwill relates to one of D-Clear’s subsidiaries and hence it is considered as the CGU.

Management has performed value in use calculations using cash flow projections for this subsidiary of the Group from a forecast for the year to 31 December 2015. Beyond that date, cash flow projections are extrapolated to reflect an improvement in trading performance for a further two years to December 2017. The pre-tax rate discount rate applied to the cash flow projections is 10.9% per annum (2013: 10.9% per annum) and cash flows beyond December 2017 are extrapolated using a 1.5% per annum (2013: 1.5% per annum) growth rate. Based on the results of this analysis, management has concluded that no impairment is required for the year ended 31 December 2014 and 31 December 2013.

13 INVESTMENT PROPERTIES

	<i>2014</i>	<i>2013</i>
	<i>AED’000</i>	<i>AED’000</i>
Cost:		
Balance at the beginning of the year	9,435,324	9,316,390
Additions during the year	1,146,554	444,801
Transfers from / (to) property, plant and equipment (see note 11)	21,431	(7,602)
Transfers from development properties (see note 14)	393,314	30,041
Transfers to inventories	(188,843)	(77,629)
Disposals during the year	(148,439)	(270,677)
At 31 December	10,659,341	9,435,324
Accumulated depreciation and impairment:		
Balance at the beginning of the year	2,036,344	1,944,084
Depreciation and impairment charge for the year (see note 8)	749,075	117,994
Reversal of impairment loss recognised previously against the value of the investment property (see note 3)	(70,247)	(3,000)
Transfers from property, plant and equipment (see note 11)	7,347	-
Relating to disposals during the year	(64,428)	(22,734)
At 31 December	2,658,091	2,036,344
Net book value:		
At 31 December	8,001,250	7,398,980

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At 31 December 2014

13 INVESTMENT PROPERTIES (continued)

13.1 The fair values of investment properties as at the end of the reporting period have been determined internally by management. As at the reporting date, management has concluded based on an internal assessment, that the fair value of investment properties is not materially different from their carrying values. The fair value measurement of investment properties has been categorised as a level 3 fair value based on the inputs of valuation techniques used. Any significant movement in the assumptions used for the fair valuation of investment properties such as discount rates, yield, rental growth, vacancy rate etc. would result in significantly lower / higher fair value of those assets.

13.2 In 2010, one of the Group's subsidiaries entered into a sale and purchase agreement with a related party (the "Buyer") to sell certain investment properties with a carrying value of AED 5,635,135 thousand.

In accordance with such agreement, the transfer of title to these investment properties was to be completed within a period of six months from the date of the agreement (1 December 2010) or at a mutually agreed date between the Group and the Buyer. As at 31 December 2014, management is in the process of transferring the title to the investment properties in the name of the Buyer and is holding the title to the investment properties for the sole benefit of the Buyer with effect from 1 December 2010 until the transfer of title is complete.

13.3 During 2011, one of the subsidiaries of the Group (the "Seller") entered into a sale and purchase agreement ("Agreement") with a related party (the "Purchaser") to sell investment properties with a carrying value of AED 680,744 thousand and other assets with a carrying value of AED 462,132 thousand.

Subsequently, effective 31 December 2012, the Seller entered into an additional asset purchase agreement (the "Supplemental Agreement") with the Purchaser to sell certain additional assets. Subsequent to this agreement, the sale consideration receivable amounts to AED 1,802,358 thousand as at 31 December 2014 (2013: AED 2,050,562 thousand). The sale during 2012 related to Islamic financing and investing products.

During 2012 and 2013, a variation agreement (the "Variation Agreement") was signed between the Seller and the Purchaser to extend the registration date for transfer of such properties, as defined in the original Agreement, to 31 December 2013. During the current year, this Variation Agreement was further extended till 31 December 2015. During 2014, the Seller made a payment of AED 29 thousand (2013:AED 68,240 thousand) on behalf of the Purchaser and treated this as receivable from the Purchaser.

The amount receivable in respect of the above two sale agreements (see notes 13.2 and 13.3) is classified as amount due from related parties in these consolidated financial statements. Management has considered the recoverability of such receivables and is confident that it is recoverable in view of the fact that the related party purchaser is wholly owned by the Government.

Investment Corporation of Dubai and its subsidiaries

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At 31 December 2014

14 DEVELOPMENT PROPERTIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Cost:		
Balance at the beginning of the year	564,284	407,835
Additions during the year	482,772	319,794
Transfers to property, plant and equipment (see note 11)	(72,160)	(43,140)
Transfers to cost of revenues	(25,805)	(104,281)
Transfers to investment properties (see note 13)	(393,314)	(30,041)
Net movement in capital advances during the year	(18,313)	14,117
At 31 December	<u>537,464</u>	<u>564,284</u>
Accumulated impairment:		
Balance at the beginning of the year	88,270	87,031
(Reversal) / impairment during the year (see notes 3 and 8)	(42,670)	1,239
At 31 December	<u>45,600</u>	<u>88,270</u>
Net book value:		
At 31 December	<u><u>491,864</u></u>	<u><u>476,014</u></u>

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Investments in associates	23,531,975	27,771,503
Investments in joint ventures	14,490,711	3,561,765
	<u><u>38,022,686</u></u>	<u><u>31,333,268</u></u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Movement in investments in associates and joint ventures during the year is as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	31,333,268	31,462,632
Investments made during the year (see note (a) and 23)	10,916,976	77,274
Arising from business combination (see note 10)	-	2,869
Share of results of associates and joint ventures - net	4,656,750	2,497,841
Share of results of associates and joint ventures related to a subsidiary held for sale (see note 23)	-	28,783
Dividends received	(3,785,547)	(1,163,945)
Dilution / deemed disposal of investments during the year	(226,422)	70,425
Gain on dilution of investment in an associate's subsidiary (see note (b))	984,842	-
Conversion to subsidiary	(13,375)	(48,899)
Impairment on investments in associates and joint ventures – net (see note 4)	(406,899)	(50,025)
Disposal of stake in an indirect associate (see note (c))	(711,021)	(192,957)
Transfer to assets held for sale (see note 23)	-	(1,541,155)
Transfer to marketable securities (see note (c))	(3,970,569)	-
Amounts recognised directly in equity		
- Translation difference	(152,522)	(75,153)
- Cumulative changes in fair value	(510,820)	344,993
- Others	(91,975)	(79,415)
At 31 December	<u><u>38,022,686</u></u>	<u><u>31,333,268</u></u>

- a) This includes investment in Kerzner International Holdings Limited during the year amounting to AED 1,292,536 thousand classified as investment in associate (see note 41).
- b) During 2014, an associate of the Group sold 2,000,000,000 shares (face value of AED 1 per share) of its subsidiary, Emaar Malls Group LLC (“EMG LLC”), representing 15.37% of the associate’s investment in EMG LLC, through a secondary offering of shares in an Initial Public Offering (“IPO”) and raised AED 5,800,000 thousand. Subsequent to the IPO, Group’s share of profit on sale of EMG LLC’s shares of AED 984,842 thousand (net of direct costs incurred) has been directly recognised in the retained earnings.
- c) During 2014, a subsidiary of the Group sold a portion of its holding in its associate, London Stock Exchange (“LSE”) and subsequently subscribed to rights shares issued by LSE. The net effect of these transactions led to a decrease in the Group’s investment in LSE from 20.65% to 17.40%, and therefore the loss of the ability of the Group to exercise significant influence over LSE.

Consequently, the investment in LSE was reclassified from investment in associate to available-for-sale investments, thus resulting in the recognition of the following amounts in the consolidated income statement:

	<i>2014</i> <i>AED'000</i>
Profit on partial disposal of investment	313,092
Gain on reclassification from investment in associate to available-for-sale investments	1,839,543
Reserves recycled to the consolidated income statement	414,863
Day 1 gain on additional shares purchased	465,560
Gain on disposal of stake in an indirect associate (see note 3)	<u><u>3,033,058</u></u>

Subsequent to year end, the subsidiary sold its remaining investment in LSE for the equivalent of AED 7.35 billion (USD 2 billion).

Investment Corporation of Dubai and its subsidiaries

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At 31 December 2014

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

During 2013, a banking subsidiary of the Group sold 32.6% of its stake in its associate, Union Properties P.J.S.C. resulting in a decrease in the Group shareholdings in such associate from 47.6% as at 31 December 2012 to 15% at 31 December 2013. As a result of such disposal, the Group no longer held significant influence in Union Properties P.J.S.C. and had discontinued equity accounting for such investment. Such investment was classified as available-for-sale investment as at 31 December 2013.

The difference between the carrying value of the investment in associate and sale proceeds on disposal of investment and fair value of the remaining investment (on the date the Group discontinued equity accounting) was recorded as "Other Income" in the consolidated income statement (see note below).

Gain on disposal of stake in an indirect associate

	2013 AED'000
Sale proceeds on disposal of investment in an indirect associate	449,052
Add : fair value of the remaining investment (on the date the Group discontinued equity accounting for such investment)	273,141
Less: carrying value of the investment in associate as at 1 January 2013	(242,982)
	<u>479,211</u>
Gain on disposal of stake in an indirect associate (see note 3)	<u>479,211</u>

d) The following table summarises the statement of financial position of the Group's material associates and joint ventures as at 31 December 2014:

	<i>Emaar Properties PJSC** AED'000</i>	<i>Dubai Islamic Bank PJSC** AED'000</i>	<i>Nasdaq OMX Group Inc.** AED'000</i>	<i>Emirates Global Aluminium PJSC* AED'000 (see note 23)</i>
Total assets	74,179,256	123,620,274	45,180,450	51,872,652
Total liabilities	(38,548,682)	(106,181,275)	(22,726,200)	(32,494,270)
Net assets	<u>35,630,574</u>	<u>17,438,999</u>	<u>22,454,250</u>	<u>19,378,382</u>
Group's share of net assets	<u>9,076,408</u>	<u>3,233,835</u>	<u>3,960,930</u>	<u>9,689,191</u>

* The difference between Group's carrying value of investment in joint venture and Group's share of net assets of joint venture predominantly relates to difference between carrying value of net assets and its fair value at the time of acquisition of such joint venture.

** The difference between Group's carrying value of investment in these associates and Group's share of net assets of above associates, where applicable, predominantly relates to goodwill and intangible assets included in the Group's carrying value of such associate.

Investment Corporation of Dubai and its subsidiaries

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

e) The following table summarises the income statement and statement of other comprehensive income of the Group's material associates and joint ventures for the year ended 31 December 2014:

	<i>Emaar Properties PJSC AED'000</i>	<i>Dubai Islamic Bank PJSC AED'000</i>	<i>Nasdaq OMX Group Inc. AED'000</i>	<i>Emirates Global Aluminium PJSC AED'000 (see note 23)</i>
Revenue	9,893,205	5,970,935	12,895,575	15,834,677
Profit for the year	3,293,205	2,357,273	1,514,100	3,046,530
Other comprehensive income for the year	(142,293)	69,968	(2,260,125)	(19,413)
Total comprehensive income for the year	3,150,912	2,427,241	(746,025)	3,027,117
Group's share of total comprehensive income for the year	866,359	677,552	(131,599)	1,513,559
Dividend paid to the Group during the year	2,742,984	275,917	62,475	-

f) The following table summarises the statement of financial position of the Group's material associates as at 31 December 2013:

	<i>Emaar Properties PJSC AED'000</i>	<i>Dubai Islamic Bank PJSC AED'000</i>	<i>Nasdaq OMX Group Inc. AED'000</i>	<i>London Stock Exchange plc * AED'000 (see note 15 (c))</i>
Total assets	64,931,931	113,021,353	47,003,250	24,249,741
Total liabilities	(30,198,939)	(96,946,249)	(23,086,350)	(12,690,448)
Net assets	34,732,992	16,075,104	23,916,900	11,559,293
Group's share of net assets	10,117,644	2,963,663	4,204,591	2,386,994

The difference between Group's carrying value of investments in these associates and Group's share of net assets of above associate, where applicable, predominantly relates to goodwill and intangible assets included in the Group's carrying value of such associate.

* The assets and liabilities do not include central counterparty balances amounting to AED 3,410,172 million which are included in both assets and liabilities in the London Stock Exchange plc. financial statements.

g) The following table summarises the income statement and statement of other comprehensive income of the Group's material associates for the year ended 31 December 2013:

	<i>Emaar Properties PJSC AED'000</i>	<i>Dubai Islamic Bank PJSC AED'000</i>	<i>Nasdaq OMX Group Inc. AED'000</i>	<i>London Stock Exchange plc. AED'000 (see note 15 (c))</i>
Revenue	10,328,472	5,210,393	11,782,050	6,641,405
Profit for the year	2,568,136	1,473,881	1,396,500	428,863
Other comprehensive income for the year	(30,983)	193,807	290,325	651,481
Total comprehensive income for the year	2,537,153	1,667,688	1,686,825	1,080,344
Group's share of total comprehensive income for the year	745,416	477,459	296,544	223,091
Dividend paid to the Group during the year	178,964	169,795	55,125	96,605

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

h) The following table summarises the Group's share of results in other immaterial associates for the year:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Profit for the year	712,345	582,503
Other comprehensive income for the year	(34,890)	37,948
Group's share of total comprehensive income for the year	<u>677,455</u>	<u>620,451</u>
Carrying amount of the Group's interest	<u>5,671,719</u>	<u>4,043,837</u>

i) The following table summarises the Group's share of results in other immaterial joint ventures for the year:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Profit for the year	525,923	454,844
Other comprehensive income for the year	(1,953)	(27,421)
Group's share of total comprehensive income for the year	<u>523,970</u>	<u>427,423</u>
Carrying amount of the Group's interest	<u>3,829,221</u>	<u>3,561,766</u>

j) The market values, as at 31 December, of the Group's interest held in various associates which are quoted, are as under:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Emaar Properties PJSC	<u>14,292,077</u>	<u>13,672,861</u>
Dubai Islamic Bank PJSC	<u>7,615,321</u>	<u>6,067,354</u>
Commercial Bank of Dubai PSC	<u>2,914,843</u>	<u>1,932,358</u>
Emirates Refreshment PSC	<u>29,340</u>	<u>32,700</u>
Dubai Development Company PSC	<u>6,000</u>	<u>5,600</u>
Nasdaq OMX Group Inc.	<u>5,247,900</u>	<u>4,354,875</u>
London Stock Exchange Plc. (see note 15 (c))	<u>-</u>	<u>5,905,725</u>

The carrying value of the above associates is AED 19,434,102 thousand (2013: AED 25,176,502 thousand).

All the associates and joint ventures of the Group have been tested for impairment on an individual basis using value-in-use models where their market value was less than their carrying value and any resulting impairment losses have been recorded in the consolidated income statement.

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16 INVESTMENTS IN MARKETABLE SECURITIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<i>Available-for-sale investments</i>		
Equities – quoted	14,531,240	5,766,536
Equities – unquoted	2,688,096	2,724,988
Sovereign bonds	7,233,955	5,958,068
Corporate bonds	4,254,804	6,077,144
Others (including mutual funds)	1,010,908	1,421,153
	<u>29,719,003</u>	<u>21,947,889</u>
<i>Held-to-maturity investments</i>		
Corporate bonds	995,519	779,601
Sovereign bonds	154,283	316,818
	<u>1,149,802</u>	<u>1,096,419</u>
<i>Fair value through profit or loss</i>		
Equities	420,964	476,160
Hybrid instruments	31,720	26,674
Sovereign bonds	151,481	151,838
Corporate bonds	547,037	873,087
Others (including mutual funds)	627,847	1,037,553
	<u>1,779,049</u>	<u>2,565,312</u>
Total investments in marketable securities	<u><u>32,647,854</u></u>	<u><u>25,609,620</u></u>
	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Disclosed as follows:		
Non-current assets	29,125,832	21,255,750
Current assets	3,522,022	4,353,870
	<u>32,647,854</u>	<u>25,609,620</u>

The change in fair value of investments in marketable securities during the year is as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Change in fair value of available-for-sale investments recognised in equity	<u>1,431,853</u>	<u>2,188,423</u>
Change in fair value of investments classified as fair value through profit or loss (see note 3)	<u>103,710</u>	<u>106,677</u>

The available-for-sale investments include securities with carrying value of AED 35,369 thousand (2013: AED 67,129 thousand) that have been pledged under a repurchase agreement (see note 34).

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

16 INVESTMENTS IN MARKETABLE SECURITIES (continued)

As at year end, the Group holds the following financial instruments measured at fair value:

	<i>31 December</i>	<i>Financial instruments carried at fair value</i>		
	<i>2014</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Available-for-sale investments	29,719,003	22,019,591	4,742,699	2,956,713
Fair value through profit or loss	1,779,049	1,586,212	95,516	97,321
Derivative financial instruments - net (see note 29)	(257,785)	505,446	(677,540)	(85,691)
	<u>31,240,267</u>	<u>24,111,249</u>	<u>4,160,675</u>	<u>2,968,343</u>

	<i>31 December</i>	<i>Financial instruments carried at fair value</i>		
	<i>2013</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Available-for-sale investments	21,947,889	13,332,465	5,458,431	3,156,993
Fair value through profit or loss	2,565,312	2,224,481	213,350	127,481
Derivative financial instruments - net (see note 29)	(332,033)	(37,673)	(295,036)	676
	<u>24,181,168</u>	<u>15,519,273</u>	<u>5,376,745</u>	<u>3,285,150</u>

During the financial year ended 31 December 2014, available-for-sale financial assets with a carrying amount of AED Nil (2013: AED 151 million) were transferred from Level 1 to Level 2 because quoted prices in the market for such debt securities were no longer regularly available. In order to determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There have been transfers from Level 2 to Level 1 amounting to AED Nil (2013: AED 80 million) during the year 2014.

The following table shows a reconciliation of the opening and closing amounts of investments classified within Level 3 of the fair value hierarchy:

	<i>2014</i>	<i>2013</i>
	<i>AED'000</i>	<i>AED'000</i>
Balance at the beginning of the year	3,285,150	3,297,018
Investments made during the year	(5,172)	429,972
Settlements / disposals of investment during the year	(228,484)	(706,508)
Arising on business combinations (see note 10 (a))	(179,601)	-
Fair value movement during the year taken to consolidated income statement	(73,563)	9,592
Fair value movement during the year taken to statement of other comprehensive income	195,603	(18,465)
Net transfers (to) / from Level 1 and Level 2	(25,590)	273,541
At 31 December	<u>2,968,343</u>	<u>3,285,150</u>

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17 OTHER NON-CURRENT ASSETS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Loans to / receivables from Government, MOF and other related parties (see notes 17.1 and 37 (b))	13,355,559	11,139,583
Loans to / receivables from associates and joint ventures (see note 37 (b))	4,535,404	95,554
Fair value of guarantee from a related party (see notes 17.2 and 37 (b))	2,000,000	2,000,000
Advance lease rentals (see note 17.3)	844,675	872,901
Long term retentions	542,880	454,558
Other receivables	1,018,601	895,180
	22,297,119	15,457,776
Less: provision for impairment (see note 17.4)	(415,578)	(520,013)
	21,881,541	14,937,763

17.1 One of the subsidiaries of the Group is required to provide retail gasoline at a fixed price in the UAE. Included in the amounts receivable from related party is an amount of AED 11,664,450 thousand (2013: AED 10,053,723 thousand) due from the Government representing a receivable in respect of such cost overruns, of which the cost overrun for 2014 is AED 2,110,920 thousand (2013: AED 2,412,270 thousand) and the balance represent amounts due in respect of cost overruns for previous years since 2008, under the terms of a government grant. Accordingly, an amount of AED 2,110,920 thousand (2013: AED 2,412,270 thousand) has been adjusted against product purchases (cost of revenue) in the consolidated income statement. The outstanding receivable is subject to interest at the rate of EIBOR plus 150 basis points per annum. The interest on outstanding receivable for the year ended 31 December 2014 amounted to AED 263,505 thousand (2013: AED 238,875 thousand).

17.2 In connection with the acquisition of Dubai Bank, the Government has provided a guarantee up to AED 2 billion for 7 years from the date of acquisition for any losses relating to the assets and liabilities that existed on the date of acquisition (the "Guranatee"). In 2013, the claims under the Guarantee reached the maximum limit of AED 2 billion. Subsequent to year end, the full amount of the Guarantee amounting to AED 2 billion was settled.

17.3 Movement in advance lease rentals:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	1,036,233	943,942
Additions during the year	140,733	255,112
Charge for the year (see note 8)	(175,340)	(161,901)
Translation differences	(952)	(920)
At 31 December	1,000,674	1,036,233

Advance lease rentals will be charged to the consolidated income statement as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Within one year (see note 19)	155,999	163,332
After one year	844,675	872,901
	1,000,674	1,036,233

Advance lease rentals are non - refundable in the event of the related lease being terminated prior to its expiry.

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17 OTHER NON-CURRENT ASSETS (continued)

17.4 Movements in provision for impairment during the year are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	520,013	520,013
Allowance for impairment made during the year (net of recoveries of AED 396,263 thousand) (see note 4)	19,315	-
Amounts written-off during the year	(123,750)	-
At 31 December	415,578	520,013

18 INVENTORIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Finished goods / inventory property	5,519,696	6,855,906
Raw materials	1,437,999	1,404,106
Spare parts and consumables	1,010,667	911,636
Work-in-progress	497,000	400,766
Engineering	734,917	668,096
Goods in-transit	457,755	1,988
Consumer goods	377,994	328,960
Others	229,728	196,489
	10,265,756	10,767,947
Less: provision for slow moving and obsolete inventories	(589,099)	(169,437)
	9,676,657	10,598,510

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19 TRADE AND OTHER RECEIVABLES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Trade receivables	11,915,553	13,013,929
Contract receivables	329,486	16,865
Retentions receivable - current portion	32,298	52,474
Prepayments and other receivables	8,832,093	5,830,247
Amounts receivable from Government, MOF and other related parties (see note 37 (b))	8,341,259	8,254,000
Amounts receivable from associates and joint ventures (see note 37 (b))	1,067,281	1,097,710
Accrued interest receivable	1,440,076	2,071,786
Advances to suppliers	37,944	67,347
Operating lease deposits	500,321	600,625
Advance lease rentals (see note 17.3)	155,999	163,332
	<u>32,652,310</u>	<u>31,168,315</u>
Less: provision for impairment of receivables (see note below)	(647,433)	(507,050)
	<u><u>32,004,877</u></u>	<u><u>30,661,265</u></u>

Movements in provision for impairment of trade/contract receivables during the year are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	507,050	565,169
Charge for the year (see note 4)	306,997	144,617
Amounts written off	(105,061)	(85,001)
Reversal during the year (see note 4)	(59,913)	(107,699)
Transfer to asset held for sale	-	(9,456)
Translation differences	(3,180)	(580)
Other movements	1,540	-
	<u>647,433</u>	<u>507,050</u>
At 31 December	<u><u>647,433</u></u>	<u><u>507,050</u></u>

Charge for 2014 includes an amount of AED Nil (2013: AED 3,292 thousand), which forms part of discontinued operations (see note 23).

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Murabaha	23,931,322	18,763,490
Ijara	11,723,507	12,084,157
Wakala	9,982,541	7,498,974
Mudaraba	28,488	-
Istisna'a	1,084,847	1,227,003
Secured overdraft and credit cards receivable	493,301	859,108
Others	993,647	1,610,960
	<u>48,237,653</u>	<u>42,043,692</u>
Less: Deferred income	(2,466,395)	(2,200,957)
Less: Allowance for impairment (see note below)	(3,822,473)	(3,427,860)
	<u><u>41,948,785</u></u>	<u><u>36,414,875</u></u>
Total of impaired Islamic financing and investment products	<u><u>4,910,387</u></u>	<u><u>6,482,224</u></u>

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20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Islamic financing and investment products include AED 1,068,407 thousand (2013: AED 1,168,232 thousand) due from Government, MOF and other related parties and AED 5,392,673 thousand (2013: AED 2,708,467 thousand) due from associates and joint ventures (see note 37 (b)).

Corporate Ijara assets amounting to AED 3.7 billion (2013: AED 3.7 billion) were securitised for the purpose of issuance of Sukuks (see note below).

	<i>2014</i>	<i>2013</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Analysis by economic activity:</i>		
Services and personal loans	23,210,614	20,018,523
Construction and real estate	7,651,657	9,238,544
Trade	2,276,885	1,901,555
Financial services	11,505,468	8,116,660
Transport and communication	729,069	306,469
Manufacturing	802,976	755,882
Agriculture and allied activities	6,172	7,560
Others	2,054,812	1,698,499
	48,237,653	42,043,692
Less: Deferred income	(2,466,395)	(2,200,957)
Less: Allowance for impairment (see note below)	(3,822,473)	(3,427,860)
	41,948,785	36,414,875
<i>Disclosed as follows:</i>		
Non-current assets	26,715,715	22,793,942
Current assets	15,233,070	13,620,933
	41,948,785	36,414,875
<i>Movement in allowance for impairment:</i>		
	<i>2014</i>	<i>2013</i>
	<i>AED'000</i>	<i>AED'000</i>
Balance at the beginning of the year	3,427,860	2,085,951
Allowance for impairment made during the year (net of recoveries (see note 4))	1,377,781	1,287,475
Write-offs during the year	(983,168)	(11,291)
Transfer from allowance for impairment against loans and receivables (see note 21)	-	65,725
At 31 December	3,822,473	3,427,860

Securitisation of Islamic Financing Receivables

During 2012, the Bank transferred certain identified ijara assets of AED 3.7 billion (the "co-owned assets") of its subsidiary, Emirates Islamic Bank, to EIB Sukuk company limited – (the "Issuer"), a special purpose vehicle formed for the issuance of the sukuk to raise two tranches of US Dollar denominated medium term finance amounting to USD 500 million each (totalling AED 3.7 billion) via a Sharia'a compliant sukuk financing arrangement. This medium term finance is carried at amortised cost. The sukuks are listed on the London Stock Exchange.

In substance, the co-owned assets remain in control of the Bank; accordingly these assets continue to be recognised by the Bank. In case of any default, the Bank has provided an undertaking to make good all losses to the sukuk holders. The sukuks will be due for maturity during January 2017 and June 2017 respectively. The assets are in the control of the Bank and shall continue to be serviced by the Bank.

The Issuer will pay a semi-annual distribution amount from returns received in respect of the co-owned assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the assets at the exercise price.

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21 LOANS AND RECEIVABLES

Loans and receivables represent the receivables arising from the banking operations of the Group carried out through a banking subsidiary. The details of loans and receivables are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Overdrafts	87,116,930	100,258,999
Time loans	122,990,427	101,060,092
Loans against trust receipts	6,655,541	4,629,788
Bills discounted	3,172,386	5,512,038
Credit card receivables	3,726,677	4,029,428
Others	1,111,616	1,118,074
	224,773,577	216,608,419
Other debt instruments	143,317	255,173
Less: allowance for impairment (see note below)	(17,024,983)	(17,338,010)
Net loans and receivables	207,891,911	199,525,582
Disclosed as follows:		
Non-current assets	87,123,209	71,590,011
Current assets	120,768,702	127,935,571
Net loans and receivables	207,891,911	199,525,582
Total of impaired loans and receivables	15,800,839	29,629,788

Loans and receivables include AED 107,127,284 thousand (2013: AED 91,961,293 thousand) due from Government, MOF and other related parties and AED Nil (2013: AED 45,619 thousand) due from associates and joint ventures (see note 37 (b)).

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<i>Analysis by segment:</i>		
Corporate banking	180,767,585	175,179,121
Consumer banking	26,540,089	23,758,807
Treasury	45,328	22,920
Others	538,909	564,734
	207,891,911	199,525,582
<i>Analysis by economic activity:</i>		
Services (includes financial services)	28,048,485	31,666,810
Personal	30,052,875	31,738,332
Sovereign	105,864,659	90,251,554
Construction and real estate	36,634,688	40,191,349
Manufacturing	6,671,671	6,535,350
Trade	10,450,072	8,771,954
Transport and communication	5,125,345	2,359,101
Mining and quarrying	420,256	453,443
Agriculture and allied activities	71,022	13,612
Others	1,577,821	4,882,087
Loans and receivables before allowance for impairment	224,916,894	216,863,592
Less: allowance for impairment (see note below)	(17,024,983)	(17,338,010)
Net loans and receivables	207,891,911	199,525,582

Investment Corporation of Dubai and its subsidiaries

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21 LOANS AND RECEIVABLES (continued)

Movement in allowance for impairment

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	17,338,010	14,509,232
Allowance for impairment made during the year (net of recoveries of AED 867,980 thousand (2013: AED 180,773 thousand)) (see note 4)	3,287,371	3,114,744
Amounts written-off during the year	(3,492,292)	(127,733)
Interest unwind on impaired loans and receivables	(87,136)	(93,387)
Transfer to allowance for impairment against Islamic financing and investment products (see note 20)	-	(65,725)
Exchange and other adjustments	(20,970)	879
At 31 December	<u>17,024,983</u>	<u>17,338,010</u>

Loan Securitisation in Emirates NBD PJSC (the "Bank"), the banking subsidiary of the Group

Incorporation of Emirates NBD Asset Finance Companies in Ireland and Cayman Islands for asset securitisation.

On 8 June 2012, ENBD Asset Finance Company No.1 Limited and on 1 June 2012, ENBD Asset Finance Company No.2 Limited were incorporated under the respective Companies Law (Ireland and Cayman Islands) as Special Purpose Entities (SPEs). The principal activities of these companies are to purchase portfolios of loans through issuance of notes.

On 9 October 2012, the Bank transferred corporate loans and receivables amounting to AED 1,876 million to ENBD Asset Finance Company No.1 Limited (incorporated under Ireland companies law). However, the Bank retained substantially all of the credit risk and rewards associated with the transferred assets and hence the Bank continues to recognise these assets within loans and receivables and the transfers are accounted for as secured financing transactions. The associated liability of AED 1,876 million, secured by these assets, is included under debt issued and other borrowed funds and is carried at amortised cost. Further, the Bank through ENBD Asset Finance Company No.2 Limited (incorporated under Cayman Islands companies law), entered into a total return swap contract referencing these notes' liability, thereby retaining all the risks and rewards associated with the loan exposures.

Since the Bank is exposed to variable returns from its involvement in the SPEs and has the ability to affect those returns through its power over the SPEs, these SPEs are consolidated in compliance with IFRS 10.

As at 31 December 2014, the corporate loans and receivables balance transferred to Ireland SPE is AED 1,416 million (2013: AED 1,830 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED 1,416 million (2013:AED 1,830 million).

Incorporation of Emirates NBD Auto Finance Limited and Emirates NBD Auto Financing Limited for asset securitisation

On 10 September 2009, Emirates NBD Auto Finance Limited ("APC") was incorporated under the Companies (Jersey) Law, 1991 and registered in Jersey as a limited company. The principal activity of the Company is to purchase portfolios of loans through the issuance of notes.

On 10 September 2009, Emirates NBD Auto Financing Limited ("Repack") was incorporated under the Companies (Jersey) Law, 1991 and registered in Jersey as a limited company. The principal activity of the Company is to invest in notes and securities through the issuance of notes.

21 LOANS AND RECEIVABLES (continued)

Loan Securitisation in Emirates NBD PJSC (the “Bank”), the banking subsidiary of the Group (continued)

Incorporation of Emirates NBD Auto Finance Limited and Emirates NBD Auto Financing Limited for asset securitisation (continued)

On 10 August 2010, the Bank transferred retail auto loans and receivables amounting to AED 968.5 million to APC (as at 31 December 2010). However, the Bank retained the credit risk associated with the transferred assets. Due to retention of the risks and rewards of the transferred assets, the Bank continues to recognise these assets within loans and receivables and the transfers are accounted for as secured financing transactions. The associated liability of AED 857 million, secured by these assets, was included under debt issued and other borrowed funds and is carried at amortised cost. Since the Bank is exposed to majority of ownership risks and rewards of these SPEs, these SPEs are consolidated in compliance with IFRS 10.

As at 31 December 2014, the auto loans and receivables balance transferred to APC is AED 405 million (2013: AED 806 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED 254 million (2013: AED 628 million).

Consolidation of the Bank’s Tranche of Emblem Finance Company No. 2 Limited (Multi-seller SPE) for asset securitisation

On 22 November 2010, the Bank transferred corporate loans and receivables amounting to AED 2,193 million (as at 31 December 2010) to Multi-seller SPE. However, the Bank retained substantially all of the credit risk and rewards associated with the transferred assets and hence the Bank continues to recognise these assets within loans and receivables and the transfers are accounted for as secured financing transactions. The associated liability of AED 2,193 million, secured by these assets, was included under debt issued and other borrowed funds and is carried at amortised cost.

Since the Bank is exposed to variable returns from its involvement in the SPEs and has the ability to affect those returns through its power over the SPEs, the Bank’s tranche in the SPE is consolidated in compliance with IFRS 10.

As at 31 December 2014, the corporate loans and receivables balance transferred to Multi-seller SPE is AED 182 million (2013: AED 464 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED 180 million (2013: AED 464 million).

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22 CASH AND DEPOSITS WITH BANKS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<u>Banking operations</u>		
Cash and deposits with Central Bank of UAE ("Central Bank")		
Cash	3,305,995	3,635,096
Interest bearing placements with Central Bank	1,918,037	2,132,400
Interest free statutory and special deposits with Central Bank (see note below)	24,643,090	18,965,026
Interest bearing certificates of deposits with Central Bank (see note below)	26,771,851	13,622,475
Total (A)	56,638,973	38,354,997
Due from other banks		
Overnight, call and short notice	5,466,711	10,184,751
Time loans	14,376,133	10,438,041
Less: allowance for impairment	(30,777)	(35,630)
Total (B)	19,812,067	20,587,162
Total (C = A+B)	76,451,040	58,942,159
<u>Non-banking operations</u>		
Cash at banks and in hand	5,081,374	5,167,801
Placements with banks and other financial institutions	737,685	915,450
Short-term deposits	38,703,494	28,538,739
Total (D)	44,522,553	34,621,990
Total (C+D)	120,973,593	93,564,149
Disclosed as follows:		
Non-current assets	2,615,477	3,563,511
Current assets	118,358,116	90,000,638
	120,973,593	93,564,149

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents have been computed as explained below:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Cash and deposits with banks - current	118,358,116	90,000,638
Islamic financing and investment products with original maturity of less than three months	6,965,877	480,566
Due to banks (see note 28)	(15,385,907)	(23,637,377)
Bank overdrafts (see note 28)	(545,276)	(350,297)
	109,392,810	66,493,530
Due to banks with original maturity of more than three months	3,846,645	2,496,479
Deposits with Central Bank for regulatory purposes	(24,643,090)	(18,965,026)
Interest bearing certificates of deposits with Central Bank with original maturity of more than three months	(6,750,000)	(4,901,993)
Deposits with other banks with original maturity of more than three months	(56,100,387)	(29,944,094)
	25,745,978	15,178,896

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22 CASH AND DEPOSITS WITH BANKS (continued)

The reserve requirements are kept with the Central Bank in AED and United States Dollars, and are not available for use in the Group's day to day operations and cannot be withdrawn without Central Bank's approval. The level of reserve required changes every month in accordance with the Central Bank's directives.

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATIONS

On 3 June 2013, Dubal Holding LLC ("Dubal Holding"), a wholly owned subsidiary of the Group, and MDC Industry Holding Company LLC ("MDC Holding") entered into an agreement pursuant to which Dubal Holding and MDC Holding agreed to create Emirates Global Aluminium PJSC ("EGA") a jointly-held, equal ownership company to integrate the business of Dubai Aluminium ("DUBAL"), a then wholly owned subsidiary of the Group, and Emirates Aluminium Company Limited PJSC ("EMAL") (referred as the "Transaction"). As at 31 December 2013, various regulatory clearance and approvals were pending and accordingly investment in DUBAL was classified as an asset held for sale in the statement of financial position.

During 2014, the Transaction was completed and DUBAL was transferred to EGA.

- a) The results and cash flows of the discontinued operations included in the Group's profit for the year end 31 December 2014 (until the date of disposal) and for the year ended 31 December 2013 are set out below:

	2014* <i>AED' million</i>	2013 <i>AED' million</i>
Revenue	2,299	9,500
Cost of revenues	(1,862)	(7,415)
Other income	34	162
General, administrative and other expenses	(169)	(753)
Net impairment losses on financial assets	-	(6)
Other finance income	77	338
Other finance costs	(9)	(62)
Share of results of associates and joint ventures (see note 15)	28	29
	<hr/>	<hr/>
Profit for the year before income tax from discontinued operations	398	1,793
Income tax expense (see note 7)	-	(2)
	<hr/>	<hr/>
Profit for the year from discontinued operations	398	1,791

The cash flow information of the discontinued operations of DUBAL for the year are set out below:

	2014* <i>AED' million</i>	2013 <i>AED' million</i>
Net cash generated from operating activities	262	2,323
	<hr/>	<hr/>
Net cash generated from / (used in) financing activities	311	(4,665)
	<hr/>	<hr/>
Net cash generated from investing activities	225	2,046
	<hr/>	<hr/>

As DUBAL was disposed off during 2014, the assets and liabilities classified as held for sale are no longer included in the consolidated statement of financial position.

* Represents activity prior to the completion of the Transaction (ie. part of the year) and hence not comparable to comparative information which represents activity for a full year.

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23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATIONS (continued)

- b) The major classes of assets and liabilities of disposal group classified as held for sale at 31 December 2013 were as follows:

	<i>2013 AED' million</i>
Property, plant and equipment (see note 11)	11,473
Investments in associates and joint ventures (see note 15)	1,541
Other non-current assets	4,669
Cash and deposits with banks	325
Positive fair value of derivatives	3
Deferred tax asset	4
Inventories	2,160
Trade and other receivables	1,450
	<hr/>
Assets of disposal group classified as held for sale	21,625
	<hr/>
Employees' end of service benefits (see note 27)	(187)
Borrowings and lease liabilities	(2,224)
Negative fair value of derivatives	(11)
Other non-current payables	(280)
Trade and other payables	(1,127)
	<hr/>
Liabilities of disposal group classified as held for sale	(3,829)
	<hr/>

- c) Profit for the period from discontinued operations

	<i>AED' million</i>
Net assets directly associated with disposal group classified as held for sale as at 31 December 2013	17,796
Add: profit during the period until disposal	398
Less: assets retained by the Group	(5,057)
Less: other adjustments	(88)
	<hr/>
Carrying value of DUBAL on date of disposal	13,049
Consideration received (see below)	16,139
	<hr/>
	3,090
	<hr/>
Profit during the period until disposal (refer to note above)	398
Reserve relating to discontinued operations reclassified from other comprehensive income to consolidated income statement (see note 26)	2,378
	<hr/>
Profit for the period from discontinued operations	5,866
	<hr/>

The Group transferred the disposal group for a consideration of AED 16,139 million. The consideration was partly in cash amounting to AED 7,016 million and partly in the form of an investment in a joint venture (EGA) having a fair value of AED 9,123 million.

	<i>AED' million</i>
Consideration received	
Fair value of 50% stake in EGA (see note 15)	9,123
Cash	7,016
	<hr/>
	16,139
	<hr/>

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24 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government, less returns made by ICD in cash or in kind. The movement in the capital of ICD during the year is as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	64,534,449	64,534,449
Increase in capital during the year	48,500	-
At 31 December	<u>64,582,949</u>	<u>64,534,449</u>

25 DISTRIBUTION TO THE GOVERNMENT

Distributions totalling AED 2,765,429 thousand (2013: AED 2,233,182 thousand) were made to the Government.

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26 OTHER RESERVES

	<i>Legal and statutory reserve</i> <i>AED'000</i>	<i>Capital reserve</i> <i>AED'000</i>	<i>Merger reserve</i> <i>AED'000</i>	<i>Cost of share based payments</i> <i>AED'000</i>	<i>Cumulative changes in fair value</i> <i>AED'000</i>	<i>General reserve</i> <i>AED'000</i>	<i>Asset replacement reserve</i> <i>AED'000</i>	<i>Translation reserve</i> <i>AED'000</i>	<i>Others</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Balance at 1 January 2014	1,971,394	1,504,071	9,179,316	17,267	3,844,891	309,247	10,309	(1,054,977)	(176,576)	15,604,942
Unrealised gain / (loss) on available-for-sale investments (net)	-	-	-	-	1,092,945	-	-	-	-	1,092,945
- ICD and its subsidiaries	-	-	-	-	(448,222)	-	-	-	-	(448,222)
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Realized (gain) on available-for-sale investments transferred to consolidated income statement on disposal	-	-	-	-	(259,677)	-	-	-	-	(259,677)
- ICD and its subsidiaries	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on hedging instruments (net)	-	-	-	-	249,591	-	-	-	-	249,591
- ICD and its subsidiaries	-	-	-	-	(8,585)	-	-	-	-	(8,585)
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Net foreign currency translation differences (net)	-	-	-	-	-	-	-	(262,065)	-	(262,065)
- ICD and its subsidiaries	-	-	-	-	-	-	-	(142,862)	-	(142,862)
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-	-	-	(653)	(653)
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Cash flow hedge reserve relating to discontinued operations reclassified to consolidated income statement (see note 23)	-	-	-	-	(2,378,077)	-	-	-	-	(2,378,077)
Reclassification of reserve to consolidated income statement upon dilution of investment in associates – net	-	-	-	-	(1,116,993)	-	-	780,356	-	(336,637)
Total income and expense for the year recognised directly in equity	-	-	-	-	(2,869,018)	-	-	375,429	(653)	(2,494,242)
Discontinued operations (see note 23)	-	-	-	-	2,378,077	-	-	-	-	2,378,077
Transfer from / (to) retained earnings	408,143	219,782	-	-	-	4,219	1,364	-	(2,969)	630,539
Other movements	(2)	4,367	(4)	-	562	-	-	(5)	8,758	13,676
Total at 31 December 2014	2,379,535	1,728,220	9,179,312	17,267	3,354,512	313,466	11,673	(679,553)	(171,440)	16,132,992

Investment Corporation of Dubai and its subsidiaries

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At 31 December 2014

26 OTHER RESERVES (continued)

	Legal and statutory reserve AED '000	Capital reserve AED '000	Merger reserve AED '000	Cost of share based payments AED '000	Cumulative changes in fair value AED '000	General reserve AED '000	Asset replacement reserve AED '000	Translation reserve AED '000	Others AED '000	Total AED '000
Balance at 1 January 2013	1,668,262	1,482,398	9,179,316	17,267	3,350,027	309,247	9,141	(856,481)	(178,388)	14,980,789
Unrealised gain on available-for-sale investments (net)	-	-	-	-	2,024,295	-	-	-	-	2,024,295
- ICD and its subsidiaries	-	-	-	-	314,099	-	-	-	-	314,099
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Gain on hedging instruments (net)	-	-	-	-	507,426	-	-	-	-	507,426
- ICD and its subsidiaries	-	-	-	-	21,520	-	-	-	-	21,520
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences (net)	-	-	-	-	-	-	-	(46,443)	-	(46,443)
- ICD and its subsidiaries	-	-	-	-	-	-	-	(80,848)	-	(80,848)
- Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Total income and expense for the year recognised directly in equity	-	-	-	-	2,867,340	-	-	(127,291)	-	2,740,049
Reserves of a disposal group classified as held for sale	-	-	-	-	(2,378,077)	-	-	-	-	(2,378,077)
Transfer from / (to) retained earnings	300,818	(577)	-	-	-	-	1,168	-	(8,048)	293,361
Change in ownership	-	(2,194)	-	-	-	-	-	-	(55)	(2,249)
Other movements	2,314	24,444	-	-	5,601	-	-	(71,205)	9,915	(28,931)
Total at 31 December 2013	1,971,394	1,504,071	9,179,316	17,267	3,844,891	309,247	10,309	(1,054,977)	(176,576)	15,604,942

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2014

26 OTHER RESERVES (continued)

Legal and statutory reserve

In accordance with the Articles of Association of various entities in the Group, and the UAE Commercial Companies Law of 1984 (as amended), the entities, as applicable, are required to transfer 10% of the annual profits for the year to a non-distributable legal reserve and such transfers may be discontinued when the reserve equals 50% of the paid up capital of the respective entities incorporated under UAE Commercial Companies Law of 1984 (as amended). The transfer of legal reserve made in the consolidated statement of changes in equity represents the transfers made by the entities net of legal reserve written back due to reclassification/disposal of subsidiaries.

Capital reserve

Capital reserve mainly includes AED 1,447,234 thousand (2013: AED 1,447,234 thousand) in respect of the Group's share of reserve capitalised by two subsidiaries. The capital reserve is non-distributable.

Merger reserve

Merger reserve mainly includes amounts relating to:

- Borse Dubai Limited
- Emirates NBD PJSC
- Aswaaq LLC
- National Bonds PJSC

In 2007, the Government transferred the ownership of Dubai Financial Market ("DFM") (80% shareholding) and NASDAQ Dubai Limited ("NASDAQ Dubai") (formerly Dubai International Financial Exchange Limited) (100% shareholding) to Borse Dubai Limited ("Borse Dubai"), without any consideration. This transaction was a common control transaction and was accounted for using the pooling of interest method. Since no consideration was paid by Borse Dubai for the acquisition of DFM and NASDAQ Dubai, the entire amount of issued and paid up share capital of the two entities was recognised as a merger reserve in equity in these consolidated financial statements.

In 2007, the merger of Emirates Bank International PJSC and National Bank of Dubai PJSC into Emirates NBD PJSC, resulted in a merger reserve of AED 3,460,860 thousand.

In accordance with Emiree Decree No. 35 of 2011 passed by the Government, a 99% ownership interest in Aswaaq LLC ("Aswaaq"), a limited liability company registered in the Emirate of Dubai on 12 October 2009 under UAE Commercial Companies Law of 1984 (as amended) was transferred to ICD against consideration of AED 99,000 thousand. This transaction was a common control transaction and was accounted for under the pooling of interest method. Accordingly, the excess of consideration over the book value of net assets, amounting to AED 91,827 thousand was recognised in merger reserve.

During prior years, the other shareholders of National Bonds Corporation PJSC, resolved to transfer their entire shareholding in National Bonds Corporation PJSC with immediate effect to the Group. This transaction was a common control transaction and was accounted for under the pooling of interest method. Accordingly, the excess of consideration over the book value of net assets, amounting to AED 595,639 thousand was recognised in merger reserve.

Translation reserve

Translation reserve comprises of foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investments in foreign subsidiaries.

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27 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employee's end of service benefits recognised in the consolidated statement of financial position are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at beginning of the year	1,858,302	1,548,695
Provision made during the year	937,555	859,973
End of service benefits paid	(697,338)	(643,925)
Actuarial loss on defined benefit plans	187,114	315,858
Arising on business combination (see note 10)	29,215	-
Other movements	7,632	(35,491)
Transfer to liabilities directly associated with disposal group classified as held for sale (see note 23)	-	(186,808)
At 31 December	2,322,480	1,858,302
Less: current portion	(4,146)	(1,223)
Non-current portion	2,318,334	1,857,079

Employees' Pension Scheme

Eligible UAE National employees of the Group are entitled to join the pension scheme operated for UAE National employees by the UAE General Pension and Social Security Authority (the "Pension Authority"). Accordingly, contributions for the period for eligible UAE National employees were made to the Pension Authority, in accordance with the provisions of Federal Law No. (7) of 1999 relating to Pension and Social Security and charged to the consolidated income statement.

Defined benefit obligations

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 2% - 5% (2013: 2% - 5%) per annum and a discount rate of 1.90% - 5% (2013: 3.50% - 5%) per annum. The present values of the defined benefit obligations at 31 December were computed using the actuarial assumptions set out above.

The liabilities recognised in the consolidated statement of financial position are:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Present value of funded defined benefit obligations	2,374,318	2,150,697
Less: Fair value of plan assets (see note below)	(2,236,394)	(2,033,861)
	137,924	116,836
Present value of unfunded defined benefit obligations	2,184,556	1,741,466
Employees' end of service benefits provision (see note above)	2,322,480	1,858,302

Investment Corporation of Dubai and its Subsidiaries
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27 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(i) Funded schemes

Senior employees in certain subsidiaries based in the UAE participate in a defined benefit provident scheme (the "Fund") to which such subsidiaries contribute a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a regular basis irrespective of the Fund's performance and are not pooled, but are separately identifiable and attributable to each participant. The Fund comprises a diverse mix of managed funds, and investment decisions are controlled directly by the participating employees.

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, the Group pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives between seventy five and one hundred percent of their fund balance. Vested assets of the scheme are not available to the Group or its creditors in any circumstances.

Movements in the fair value of the plan assets in respect of the funded schemes are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
At the beginning of the year	2,033,861	1,510,526
Contributions made	319,092	279,889
Benefits paid	(139,590)	(89,070)
Change in fair value	38,567	156,155
Proceeds from curtailment of provident fund scheme	(1,242)	-
Other movements	(14,294)	176,361
	<u>2,236,394</u>	<u>2,033,861</u>
At 31 December	<u>2,236,394</u>	<u>2,033,861</u>

The Group expects to contribute approximately AED 280 million for existing plan members during the year ending 31 December 2015.

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident schemes or other defined contribution plans, follow relevant local regulations, which are mainly based on period of cumulative service and levels of employees' final basic salary.

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2014

28 BORROWINGS AND LEASE LIABILITIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<u>Banking operations</u>		
Non-current liabilities		
Due to banks (see note 22)	367,300	-
Debts issued and other borrowed funds	23,099,448	16,076,321
Sukuk payable (Bonds)	3,673,000	3,667,360
(A)	27,139,748	19,743,681
Current liabilities		
Due to banks (see note 22)	15,018,607	23,637,377
Debts issued and other borrowed funds	3,598,243	4,034,371
(B)	18,616,850	27,671,748
Total (C=A+B)	45,756,598	47,415,429
<u>Non-banking operations</u>		
Non-current liabilities		
Bank borrowings	29,436,958	26,223,115
Bonds	12,834,344	10,868,189
Finance lease liabilities	34,335,014	26,256,607
Loan from Government, MOF and other related parties	1,207,589	10,214,102
Loans from associates and joint ventures	8,006,733	4,939,914
(D)	85,820,638	78,501,927
Current liabilities		
Bank borrowings	11,182,374	9,167,737
Bonds	6,150,240	5,503,861
Finance lease liabilities	4,056,516	2,941,519
Loans from Government, MOF and other related parties	9,187,500	4,000,009
Loans from associates and joint ventures	769,047	83,152
Bank overdrafts (see note 22)	545,276	350,297
(E)	31,890,953	22,046,575
Total (F=D+E)	117,711,591	100,548,502
	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Disclosed as follows:		
Non-current liabilities (A+D)	112,960,386	98,245,608
Current liabilities (B+E)	50,507,803	49,718,323
	163,468,189	147,963,931

Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2014

28 BORROWINGS AND LEASE LIABILITIES (continued)

Terms and conditions of outstanding loans and lease liabilities were as follows:

2014

	<i>Notes</i>	<i>Maturity profile</i>	<i>AED'000</i>
Debts issued and other borrowed funds	28(a)	2015-2026	26,697,691
Due to banks (see note 22)	28(b)	2015-2016	15,385,907
Bank borrowings	28(c)	2015-2026	40,619,332
Loans from Government, MOF and other related parties (see note 37 (b))	28(d)	up to 2016	10,395,089
Loans from associates and joint ventures (see note 37 (b))	28(e)	various up to 2026	8,775,780
Bonds (including sukuk)	28(f)	various up to 2025	22,657,584
Finance lease liabilities	28(g)	2015-2025	38,391,530
Bank overdrafts (see note 22)		2015	545,276
			163,468,189

2013

	<i>Notes</i>	<i>Maturity profile</i>	<i>AED'000</i>
Debts issued and other borrowed funds	28(a)	2014-2023	20,110,692
Due to banks (see note 22)	28(b)	2014	23,637,377
Bank borrowings	28(c)	2014-2025	35,390,852
Loans from Government, MOF and other related parties (see note 37 (b))	28(d)	up to 2018	14,214,111
Loans from associates and joint ventures (see note 37 (b))	28(e)	various up to 2026	5,023,066
Bonds (including sukuk)	28(f)	various up to 2025	20,039,410
Finance lease liabilities	28(g)	2014-2022	29,198,126
Bank overdrafts (see note 22)		2014	350,297
			147,963,931

The above interest / profit bearing loans and lease liabilities are in various currencies.

a) *Debts issued and other borrowed funds*

	2014 <i>AED'000</i>	2013 <i>AED'000</i>
Medium-term note programme *	19,228,151	14,320,272
Term loans from banks	2,938,000	2,938,000
Borrowing raised from loan securitisation (see note 21)	4,531,540	2,852,420
	26,697,691	20,110,692

*Includes Tier 2 notes amounting to AED 4,341 million (2013: AED 4,203 million) raised through public and private placements.

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28 BORROWINGS AND LEASE LIABILITIES (continued)

a) *Debts issued and other borrowed funds (continued)*

The repayment profile of the above liabilities is as follows:

	<i>2014</i> <i>AED</i> <i>in millions</i>	<i>2013</i> <i>AED</i> <i>in millions</i>
2014	-	4,034
2015	3,598	1,157
2016	4,759	4,492
2017	4,111	4,018
2018	1,199	1,199
2019	5,288	43
2020	226	226
2022	1,357	817
2023	5,441	4,125
2024	628	-
2026	91	-
	<u>26,698</u>	<u>20,111</u>

The effective interest rate paid on the above averaged 3.2% per annum (2013: 3.3% per annum)

b) *Due to banks*

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Demand and call deposits	544,154	818,983
Balances with correspondent banks	1,380,808	1,217,225
Time and other deposits	13,460,945	19,739,546
Current account with Central Bank	-	1,861,623
	<u>15,385,907</u>	<u>23,637,377</u>

The interest rates paid on the above averaged 1.6% per annum (2013: 1.4% per annum).

c) *Bank borrowings*

Bank borrowings include:

- Murabaha syndicated facilities amounting to AED 642,775 thousand (2013: AED 642,775 thousand) and USD 150,000 thousand (2013: USD 150,000 thousand) representing separate AED and USD portions respectively. These facilities are repayable in 2018 and carry profit at the rate of 2.15% over EIBOR and LIBOR on AED and USD denominated borrowings respectively.
- Conventional syndicated facilities amounting to AED 2,387,450 thousand (2013: AED 2,387,450 thousand) and USD 725,000 thousand (2013: USD 725,000 thousand) representing separate AED and USD portions respectively. These facilities are repayable in 2018 and carry interest at the rate of 2.15% over EIBOR and LIBOR on AED and USD denominated borrowings respectively.
- Ijara syndicated facilities amounting to AED 550,950 thousand (2013: AED 550,950 thousand) repayable in 2018 and carrying profit at the rate of 2.15% over EIBOR.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

28 BORROWINGS AND LEASE LIABILITIES (continued)

c) Bank borrowings (continued)

- AED 10,289,144 thousand (2013: AED 8,480,820 thousand) at rates ranging from 1.75% to 2.15% per annum (2013: 2.2% to 2.9% per annum). These borrowings are secured against applicable property, plant and equipment and assignment of insurance. The carrying values of the borrowings are primarily denominated in USD or currencies pegged to USD. Contractual repricing dates are set at the option of the Group on the basis of 1, 3 or 6 months LIBOR / EIBOR.
- Islamic Murabaha Commodity facility and credit facility amounting to AED 1,735,003 thousand repayable in 2021 and carrying profit rate of 2.8% over 3 month LIBOR.
- Term loan facilities amounting to AED 11,594,879 thousand (2013: AED 10,699,745 thousand) having repayment terms between two to twelve years, with principal repayment either in instalments or as a balloon payment at the end of the term of the facility. The rates on the facilities for the year are either fixed with a range of 2.41% to 9.25% per annum (2013: 2.41% to 9.25% per annum) or variable rates based on LIBOR plus a spread of 0.27% to 4.75% per annum (2013: LIBOR plus a spread of 0.27% to 4.75% per annum).
- Bilateral facilities amounting to USD 833,000 thousand (2013: USD 833,000 thousand) and AED 183,650 thousand (2013: AED 183,650 thousand) carrying interest rate of 2.95% per annum over LIBOR and EIBOR on the USD and AED facility respectively. These facilities are from various financial institutions and are repayable upto 2017.
- Syndicated facilities amounting to AED 4,474,742 thousand (2013: AED 4,211,955 thousand) obtained from international, regional and local banks. These loans carry interest payable on quarterly basis at LIBOR and EIBOR for USD and AED borrowings respectively and is repayable over the period upto 2019.
- Other borrowings are primarily unsecured, and contain various banking covenants, which were complied with as at the year end.

d) Loans from Government, MOF and other related parties

Borrowings under this category include:

- AED 4 billion at interest rate of 6.45% per annum obtained in prior years from the Government and settled during 2014.
- USD 2.5 billion (2013: USD 2.5 billion) at interest rate of 4.5% per annum payable on quarterly basis, obtained in prior years from the MOF. This loan was repayable in February 2015 and the Group is currently discussing with MOF the next steps.
- AED 800,000 thousand (2013: AED 800,000 thousand) is a Wakala deposit by the Department of Finance of the Government that carries a profit rate of 2.5% per annum and is repayable on 1 January 2016.

e) Loans from associates and joint ventures

This includes various loans from associates and joint ventures as follows:

- AED 550,950 thousand (2013: AED 550,950 thousand) being part of a Murabaha syndicated facility repayable in 2018 and carry profit at the rate of 2.15% over EIBOR.
- AED 550,950 thousand (2013: AED 550,950 thousand) being part of a Conventional syndicated facility repayable in 2018 and carries interest at the rate of 2.15% over EIBOR.
- AED 734,600 thousand (2013: AED 734,600 thousand) being part of Ijara syndicated facility repayable in 2018 and carries profit at the rate of 2.15% over EIBOR.
- Syndicated facilities amounting to AED 1,025,935 thousand (2013: AED 1,251,328 thousand) obtained from international, regional and local banks. These loans carry interest payable on quarterly basis at LIBOR and EIBOR for USD and AED borrowings respectively and is repayable over the period upto 2019.
- AED 1,837,500 thousand (2013: AED Nil) being Murabaha facility repayable in 2017.

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At 31 December 2014

28 BORROWINGS AND LEASE LIABILITIES (continued)

e) Loans from associates and joint ventures (continued)

- AED 857,034 thousand (2013: AED 857,034 thousand) being an Ijara bilateral facility repayable in February 2017. This facility carries a profit rate of 2.50% over EIBOR.
- AED 1,262,455 thousand (2013: AED Nil) being Islamic Murabaha Commodity facility and credit facility repayable in 2021 carrying profit rate of 2.8% over 3 months LIBOR.
- AED 1,927,972 thousand (2013: AED 898,584 thousand) being Murabaha and Ijara facilities repayable over the term upto 2026. The rates on the facilities for the year are either fixed with a range of 4.95% to 6.25% (2013: 6.75%) or variable rates with a range of 1.25% to 3.25% (2013: 1.25% to 3.25%) over EIBOR and LIBOR on AED and USD denominated facilities respectively.
- AED 152,000 thousand being Mudaraba financing outstanding as at 31 December 2013 which carried a profit mark up and was repayable in December 2016. This was early settled during 2014.
- Other borrowings from associates and joint ventures are primarily unsecured, and contain various banking covenants, which were complied with as at the year end.

f) Bonds (including Sukuk)

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
These are denominated in the following currencies:		
US Dollars (refer (i))	16,733,580	14,503,420
UAE Dirhams (refer (ii))	5,544,598	5,160,186
Singapore Dollars (refer (iii))	416,850	435,362
	22,695,028	20,098,968
Less: transaction costs	(37,444)	(59,558)
	22,657,584	20,039,410

These bonds have been issued at coupon rates varying from 3.5% to 5.7% (2013: 3.9% to 5.1%).

i) USD bonds include:

- bonds amounting to AED 3,673,000 thousand (2013: AED 3,673,000 thousand) carrying a fixed interest rate of 5.125% per annum over their term and are repayable in June 2016.
- Islamic bonds (Sukuk) amounting to USD 1 billion were raised during the year 2013 carrying a fixed profit rate of 3.875% per annum over their term. The repayments are semi-annual commencing from September 2013 and will be fully repaid by March 2023.
- Conventional bonds amounting to USD 750 million were raised during the year 2013 carrying a fixed interest rate of 4.5% over their term. The repayments are semi-annual commencing from February 2015 and will be fully repaid by February 2025.
- During 2012, the Group through its indirect subsidiary, Emirates Islamic Bank (“EIB”), raised two tranches of US Dollar denominated medium term finance amounting to USD 500 million each (AED 3.7 billion in total) via a Sharia’a compliant Sukuk financing arrangement. This medium term finance is carried at amortised cost. The Sukuks will be due for maturity during January 2017 and June 2017 respectively.
- During 2014, the Group issued conventional bonds amounting to USD 300 million under a Euro Medium Term Note Programme, which carry interest at the rate of 4.625% per annum and are repayable in 2024.
- During 2014, the Group issued Sukuk amounting to USD 700 million under a Trust Certificate Issuance programme, which carry profit at the rate of 3.508% per annum and are repayable in 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28 BORROWINGS AND LEASE LIABILITIES (continued)

f) *Bonds (including Sukuk) (continued)*

i) USD bonds include: (continued)

- USD 300 million of senior unsecured notes (the "Notes") that were issued by DAE Engineering (an indirect subsidiary of the Group) at 97.45% and with a face interest rate of 11.25%, maturing on 1 August 2015. DAE Engineering may redeem any portion of the Notes at pre-determined premiums plus accrued and unpaid interest to the redemption date. During 2014, DAE Engineering tendered and extinguished these notes prior to the call date.

ii) UAE Dirham bonds include AED 5,544,598 thousand (2013: AED 5,160,186 thousand) payable to bond holders of one of the subsidiaries of the Group which is a Shari'a compliant open ended investment fund. These bonds were offered under the prospectus issued by the subsidiary of the Group and have a face value of AED 10 per bond and are repayable on demand of the bond holders.

iii) Singapore Dollar bonds amounting to AED 416,850 thousand (2013: AED 435,362 thousand) carry a fixed interest rate of 4.64% per annum over its term and are repayable in June 2016.

g) *Finance lease liabilities*

Finance lease liabilities are payable as follows:

	<i>Future lease payments 2014 AED'000</i>	<i>Interest and term deposit component 2014 AED'000</i>	<i>Present value of minimum lease payments 2014 AED'000</i>
Less than one year	5,048,289	(991,773)	4,056,516
Between one and five years	19,810,634	(3,783,571)	16,027,063
More than five years	20,423,032	(2,115,081)	18,307,951
	<u>45,281,955</u>	<u>(6,890,425)</u>	<u>38,391,530</u>
	<i>Future lease payments 2013 AED'000</i>	<i>Interest and term deposit component 2013 AED'000</i>	<i>Present value of minimum lease payments 2013 AED'000</i>
Less than one year	3,882,233	(940,714)	2,941,519
Between one and five years	15,528,666	(3,337,015)	12,191,651
More than five years	15,759,745	(1,694,789)	14,064,956
	<u>35,170,644</u>	<u>(5,972,518)</u>	<u>29,198,126</u>

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28 BORROWINGS AND LEASE LIABILITIES (continued)

g) Finance lease liabilities (continued)

The fair value of net lease liabilities amounts to AED 39,637,908 thousand (2013: AED 27,909,185 thousand). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread.

The effective interest rate on finance lease liabilities is 2.80% (2013: 2.86%).

h) Securities

Following are the significant securities provided against the borrowings:

- First mortgage over applicable property, plant and equipment;
- Assignment of insurance policies and earnings from applicable property, plant and equipment;
- Negative pledge whereby the relevant subsidiaries of the Group shall not create or permit to subsist any security on any of the applicable property, plant and equipment to third parties;
- Confirmation from a Group entity that it shall not merge or amalgamate or sell its assets, except in the ordinary course of business, without prior approval of the concerned banks;
- Confirmation from a Group entity that prior consent of the lenders will be obtained before effecting any change in its ownership and/or sale of significant assets; and
- A letter of support or corporate guarantee by a subsidiary in respect of certain borrowings obtained by its group companies.
- Certain applicable real estate assets of the Group have been allocated to support issuance of borrowings in the form of Ijara.

29 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values. It also shows the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

2014

	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amounts</i>		
			<i>Total AED'000</i>	<i><1 year AED'000</i>	<i>>1 year AED'000</i>
<u>Banking operations</u>					
<i>Derivatives held for trading:</i>					
Foreign exchange forward contracts	285,162	(531,581)	154,455,001	143,306,946	11,148,055
Foreign exchange options	126,817	(126,812)	30,126,832	6,108,682	24,018,150
Interest rate swaps / caps	841,788	(822,805)	96,808,486	25,202,960	71,605,526
Commodity options	729	(729)	93,418	93,418	-
	<u>1,254,496</u>	<u>(1,481,927)</u>	<u>281,483,737</u>	<u>174,712,006</u>	<u>106,771,731</u>
<i>Derivatives held as cash flow hedges:</i>					
Interest rate swaps	46,827	(21,103)	4,800,000	1,650,000	3,150,000
<i>Derivatives held as fair value hedges:</i>					
Interest rate swaps	9,132	(142,747)	2,439,701	591,750	1,847,951
(A)	<u>1,310,455</u>	<u>(1,645,777)</u>	<u>288,723,438</u>	<u>176,953,756</u>	<u>111,769,682</u>

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29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amounts Total AED'000</i>	<i><1 year AED'000</i>	<i>>1 year AED'000</i>
<u>Non-banking operations</u>					
<u>Derivatives held for trading:</u>					
Commodity forward contracts and options	559,725	(118,971)	10,534,998	-	10,534,998
<u>Derivatives held as cash flow hedges:</u>					
Foreign exchange forward contracts	193,137	(3,477)	4,129,811	3,629,599	500,212
Interest rate swaps	-	(552,877)	15,111,547	10,729,213	4,382,334
	193,137	(556,354)	19,241,358	14,358,812	4,882,546
(B)	752,862	(675,325)	29,776,356	14,358,812	15,417,544
Total (A+B)	2,063,317	(2,321,102)	318,499,794	191,312,568	127,187,226

2013

	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amounts Total AED'000</i>	<i><1 year AED'000</i>	<i>>1 year AED'000</i>
<u>Banking operations</u>					
<u>Derivatives held for trading:</u>					
Foreign exchange forward contracts	485,468	(283,231)	115,234,190	108,272,482	6,961,708
Foreign exchange options	75,036	(67,308)	12,436,125	4,503,525	7,932,600
Interest rate swaps / caps	1,013,357	(961,782)	102,371,636	64,856,616	37,515,020
Commodity options	136	(136)	53,191	-	53,191
	1,573,997	(1,312,457)	230,095,142	177,632,623	52,462,519
<u>Derivatives held as cash flow hedges:</u>					
Interest rate swaps	107,461	(22,210)	5,600,000	800,000	4,800,000
<u>Derivatives held as fair value hedges:</u>					
Interest rate swaps	95,093	(103,505)	11,922,221	436,011	11,486,210
(A)	1,776,551	(1,438,172)	247,617,363	178,868,634	68,748,729

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29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amounts</i>		
			<i>Total AED'000</i>	<i><1 year AED'000</i>	<i>>1 year AED'000</i>
<i>Non-banking operations</i>					
<i>Derivatives held for trading:</i>					
Commodity forward contracts and options	157,830	(188,590)	11,844,418	-	11,844,418
<i>Derivatives held as cash flow hedges:</i>					
Foreign exchange forward contracts	13,619	(31,374)	7,598,334	1,450,666	6,147,668
Interest rate swaps	2,620	(624,517)	13,343,220	10,521,802	2,821,418
	16,239	(655,891)	20,941,554	11,972,468	8,969,086
(B)	174,069	(844,481)	32,785,972	11,972,468	20,813,504
Total (A+B)	1,950,620	(2,282,653)	280,403,335	190,841,102	89,562,233

Disclosed as follows:

Positive fair value of derivatives:

	<i>2014 AED'000</i>	<i>2013 AED'000</i>
Non-current assets	914,802	1,072,383
Current assets	1,148,515	878,237
Total	2,063,317	1,950,620

Negative fair value of derivatives:

Non-current liabilities	(1,563,794)	(1,612,445)
Current liabilities	(757,308)	(670,208)
Total	(2,321,102)	(2,282,653)
Net fair value of derivatives (see note 16)	(257,785)	(332,033)

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30 OTHER NON-CURRENT PAYABLES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Deferred service revenue	1,930,273	1,794,856
Provision for maintenance	1,984,194	1,429,143
Deferred credits (non-current portion)	208,521	250,161
Retention payable	212,600	294,687
Maintenance reserve (see note 36)	877,847	778,383
Other provisions	83,549	80,767
Decommissioning and cylinder replacement costs	29,720	28,985
Others	341,630	322,756
	<u>5,668,334</u>	<u>4,979,738</u>

31 TRADE AND OTHER PAYABLES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Trade payables	44,541,402	39,144,964
Passenger sales in advance	10,689,980	10,014,099
Accrued interest payable	778,157	1,304,930
Advance from customers	357,563	252,453
Amounts due to associates and joint ventures (see note 37 (b))	887,408	831,003
Amounts due to Government, MOF and other related parties (see note 37 (b))	181,586	1,641,506
Managers' cheques	975,285	1,382,142
Abandonment and decommissioning liability	2,459,924	2,109,075
Unearned rent and service charges	2,711,934	2,575,253
Deferred credits (current portion)	54,587	68,490
Members' margin deposit	78,538	20,187
Other payables and accruals	7,151,328	6,265,696
	<u>70,867,692</u>	<u>65,609,798</u>

32 CUSTOMER DEPOSITS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Time	69,972,942	80,012,975
Demand, call and short notice	89,836,345	71,093,252
Savings	21,644,089	20,147,306
Others	4,256,308	2,777,400
	<u>185,709,684</u>	<u>174,030,933</u>
Disclosed as follows:		
Non-current liabilities	6,671,593	6,648,250
Current liabilities	179,038,091	167,382,683
	<u>185,709,684</u>	<u>174,030,933</u>

The interest rates paid on the above deposits averaged 0.7% per annum (2013: 1% per annum).

Customer deposits include AED 3,184,351 thousand (2013: AED 5,905,338 thousand) deposits from Government, MOF and other related parties and AED 534,460 thousand (2013: AED 63,817 thousand) deposits from associates and joint ventures (see note 37 (b)).

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33 ISLAMIC CUSTOMER DEPOSITS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Time	32,796,159	25,713,968
Demand, call and short notice	4,921,898	5,382,882
Savings	8,319,275	7,089,462
Others	267,637	307,022
	46,304,969	38,493,334
Disclosed as follows:		
Non-current liabilities	13,335,455	11,209,566
Current liabilities	32,969,514	27,283,768
	46,304,969	38,493,334

Islamic customer deposits include AED Nil (2013: AED 1,082,000 thousand) pertaining to facilities received from MOF (see note 37 (b)).

34 REPURCHASE AGREEMENTS WITH BANKS

Repurchase agreements with banks represent borrowings from banks and are secured by a portfolio of investment in marketable securities as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Available-for-sale investments (see note 16)	35,369	67,129

35 NON-CONTROLLING INTERESTS

This includes three regulatory Tier 1 Capital notes (“Capital Notes”) issued in 2009 (“2009 Notes”), 2013 (“2013 Notes”) and 2014 (“2014 Notes”) by the banking subsidiary of the Group amounting to AED 4 billion, USD 1 billion (AED 3.65 billion (net of issuance cost)) and USD 500 million ((AED 1.83 billion) (net of issuance cost)) respectively. 2009 Notes were issued at fixed interest rate for the first five years and on a floating rate basis thereafter and 2013 Notes and 2014 Notes were issued at fixed interest rate with a reset after six years. These Capital Notes are perpetual, subordinated and unsecured. The issuer can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. These Capital Notes have been classified under equity.

During 2014, ownership of 2009 Notes, previously subscribed by the Group, was changed and this has accordingly been disclosed as a transfer to non-controlling interest in the consolidated statement of changes in equity.

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36 COMMITMENTS AND CONTINGENCIES

(a) Investment commitments

The Group has the following investment commitments as at 31 December:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Available-for-sale investments	728,411	737,562
Associates	-	10,661
Joint ventures	-	1,564,783
Others	255,000	255,000
	<u>983,411</u>	<u>2,568,006</u>

(b) Operating lease commitments

Group as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Within one year	7,694,853	7,751,232
After one year but not more than five years	22,312,992	22,944,336
More than five years	15,305,779	15,369,941
	<u>45,313,624</u>	<u>46,065,509</u>

As at 31 December 2013, in the event of certain aircraft leases being terminated prior to their expiry, penalties were payable. Had these leases been cancelled at 31 December 2013, the penalties would have been AED 265.37 million. There were no lease agreements as at 31 December 2014 with this penalty provision.

The Group is entitled to extend certain aircraft leases for a further period of one to six years at the end of the initial lease period. The Group is also entitled to purchase four out of one hundred twenty eight (2013: nine of one hundred and thirty) aircraft under these leases.

Group as lessor

Future minimum rentals receivable as at 31 December are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Within one year	2,017,353	1,607,466
After one year but not more than five years	4,395,094	3,004,191
More than five years	2,585,268	1,680,989
	<u>8,997,715</u>	<u>6,292,646</u>

One of the Group's subsidiary enters into non-cancellable operating leases for aircraft expiring from 2015 to 2024.

During the term of most aircraft leases, lessees pay an additional amount based on usage to fund the estimated costs of scheduled major maintenance of the airframe and engines. These amounts are accounted for as maintenance reserves and disclosed under note 30.

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36 COMMITMENTS AND CONTINGENCIES (continued)

(c) Capital commitments

Capital expenditure contracted for at the reporting date, but not provided for are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Capital commitments for purchase of aircraft fleet are as follows:		
Within one year	22,512,557	17,193,728
After one year but not more than five years	65,330,675	88,408,662
More than five years	171,891,812	210,579,535
	<u>259,735,044</u>	<u>316,181,925</u>
Contracted commitment for purchase of other non-financial assets	10,953,608	13,561,320
Group's share of associate and joint venture companies' capital expenditure commitments	6,349,303	2,845,643
	<u>277,037,955</u>	<u>332,588,888</u>

(d) Assets held in a fiduciary capacity

The Group's financial services subsidiaries hold assets in a fiduciary capacity and provides custodian services for some of its customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group consolidated financial statements.

(e) Contingencies

The Group has the following contingent liabilities at the reporting date:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Letters of credit	9,351,990	9,341,531
Letters of guarantees	49,284,465	52,397,166
Liabilities on risk participation	1,027,628	2,217,393
Performance bonds	162,568	137,944
Group's share of guarantees issued by associates and joint ventures	5,145,577	4,328,281
Group's share of letters of credit issued by associates and joint ventures	1,356,223	1,359,706
Third party claims*	580,915	633,176
Acceptances	-	995,968

* There are various claims against the subsidiaries of the Group initiated by their respective contractors, customers and other counterparties in respect of delays in work or non-fulfilment of contractual obligations. The Group's management believes that the respective subsidiaries have strong cases in respect of these contingencies and the chances of outflow are remote. Accordingly, no liability is recognised in respect of these contingencies.

(f) Operational commitments

One of the Group's subsidiaries has operational commitments relating to sales and marketing as at 31 December 2014 amounting to AED 2,476,889 thousand (2013: AED 3,318,923 thousand).

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36 COMMITMENTS AND CONTINGENCIES (continued)

(g) Irrevocable loan commitments

The Group's banking operations have irrevocable undrawn loan commitments amounting to AED 26,810,870 thousand outstanding at 31 December 2014 (2013: AED 25,700,148 thousand).

37 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, joint ventures, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions are approved by the Group's management.

Related party transactions have been disclosed as under:

a) Transactions with related parties included in the consolidated income statement are as follows:

	<i>31 December 2014</i>				
	<i>Purchase of goods and services (including cost of revenue) AED'000</i>	<i>Sale of goods and services (including revenue) AED'000</i>	<i>Finance income AED'000 (see note 5)</i>	<i>Finance costs AED'000 (see note 6)</i>	<i>Other income /(expenses) - net AED'000</i>
Associates and joint ventures	<u>7,945,590</u>	<u>9,323,340</u>	<u>157,464</u>	<u>150,953</u>	<u>(141,153)</u>
Government, MOF and other related parties	<u>40,053</u>	<u>959,548</u>	<u>362,675</u>	<u>478,062</u>	<u>54,896</u>

	<i>31 December 2013</i>				
	<i>Purchase of goods and services (including cost of revenue) AED'000</i>	<i>Sale of goods and services (including revenue) AED'000</i>	<i>Finance income AED'000 (see note 5)</i>	<i>Finance costs AED'000 (see note 6)</i>	<i>Other income /(expenses) - net AED'000</i>
Associates and joint ventures	<u>7,012,020</u>	<u>8,007,052</u>	<u>57,000</u>	<u>145,699</u>	<u>-</u>
Government, MOF and other related parties	<u>30,203</u>	<u>833,106</u>	<u>352,125</u>	<u>701,529</u>	<u>28,163</u>

Share of results of associates and joint ventures and other movements in investments in associates and joint ventures are disclosed in note 15 to these consolidated financial statements.

The Group enters into transactions with Government owned entities in the normal course of business. Such entities include various utility companies, port authorities, financial institutions, etc. In accordance with the exemption in the revised IAS 24, management has concluded not to disclose such transactions which are entered in normal course of business with the said related Government entities.

Further, during the prior year, the banking subsidiary of the Group had purchased properties of AED 2,232,742 thousand from an indirect associate of the Group.

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37 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- b) Amounts due from and due to related parties are disclosed in notes 17, 19, 20, 21, 28, 30, 31, 32 and 33 respectively, details of which are as follows:

	<i>2014</i>		<i>2013</i>	
	<i>Receivables AED'000</i>	<i>Payables AED'000</i>	<i>Receivables AED'000</i>	<i>Payables AED'000</i>
Associates and joint ventures	10,995,358	10,197,648	3,947,350	5,917,886
Government, MOF and other related parties	129,892,509	13,761,026	112,523,108	22,842,955
	140,887,867	23,958,674	116,470,458	28,760,841

An impairment provision of AED 646,003 thousand (2013: AED 614,067 thousand) and AED 26,158 thousand (2013: AED Nil) has been made against amounts receivable from “Government, MOF and other related parties” and “Associates and joint ventures” respectively. Such amounts are included in other non-current assets and trade and other receivables at the year end.

Further, apart from the amounts included above, other non-current assets includes an amount of AED 2,000,000 thousand (2013: AED 2,000,000 thousand) being the carrying value of guarantee from a related party (see note 17). Subsequent to year end, the full amount of the guarantee amounting to AED 2,000,000 thousand was settled.

Investment in marketable securities includes balances of AED 528,050 thousand (2013: AED 1,198,705 thousand) with Government, MOF and other related parties.

- c) Compensation to key managerial personnel

The remuneration of directors and other key members of the management during the year were as follows:

	<i>2014 AED'000</i>	<i>2013 AED'000</i>
Short term benefits	324,073	267,032
End of service benefits	22,855	14,619
Share based payments	4,017	3,587
Directors' fees	12,847	11,255
	363,792	296,493

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38 FINANCIAL RISK MANAGEMENT

The tables below set out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position:

31 December 2014:

	<i>Designated as fair value through profit or loss AED'000</i>	<i>Held- to- maturity AED'000</i>	<i>Available- for- sale AED'000</i>	<i>Loans and receivables AED'000</i>	<i>Liabilities at amortised cost AED'000</i>	<i>Derivative financial instruments AED'000</i>	<i>Total carrying value AED'000</i>
Financial assets							
Non-derivative financial assets	1,779,049	1,149,802	29,719,003	-	-	-	32,647,854
Investments in marketable securities	-	-	-	41,948,785	-	-	41,948,785
Islamic financing and investment products	-	-	-	207,891,911	-	-	207,891,911
Loans and receivables	-	-	-	20,267,077	-	-	20,267,077
Other non-current assets	-	-	-	28,615,379	-	-	28,615,379
Trade and other receivables	-	-	-	3,859,864	-	-	3,859,864
Customer acceptances	-	-	-	120,973,593	-	-	120,973,593
Cash and deposits with banks	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	2,063,317	2,063,317
Positive fair value of derivatives	-	-	-	-	-	2,063,317	2,063,317
	1,779,049	1,149,802	29,719,003	423,556,609	-	2,063,317	458,267,780
Financial liabilities							
Non-derivative financial liabilities	-	-	-	-	185,709,684	-	185,709,684
Customer deposits	-	-	-	-	46,304,969	-	46,304,969
Islamic customer deposits	-	-	-	-	163,468,189	-	163,468,189
Borrowings and lease liabilities	-	-	-	-	1,449,020	-	1,449,020
Other non-current payables	-	-	-	-	3,859,864	-	3,859,864
Customer acceptances	-	-	-	-	35,369	-	35,369
Repurchase agreements with banks	-	-	-	-	56,539,026	-	56,539,026
Trade and other payables	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	2,321,102	2,321,102
Negative fair value of derivatives	-	-	-	-	-	2,321,102	2,321,102
	-	-	-	-	457,366,121	2,321,102	459,687,223

Fair values of the above mentioned financial assets and liabilities approximate their carrying values.

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38 FINANCIAL RISK MANAGEMENT (continued)

31 December 2013:

	Designated as fair value through profit or loss AED'000	Held- to- maturity AED'000	Available- for- sale AED'000	Loans and receivables AED'000	Liabilities at amortised cost AED'000	Derivative financial instruments AED'000	Total carrying value AED'000
Financial assets							
Non-derivative financial assets							
Investments in marketable securities	2,565,312	1,096,419	21,947,889	-	-	-	25,609,620
Islamic financing and investment products	-	-	-	36,414,875	-	-	36,414,875
Loans and receivables	-	-	-	199,525,582	-	-	199,525,582
Other non-current assets	-	-	-	13,547,512	-	-	13,547,512
Trade and other receivables	-	-	-	27,950,043	-	-	27,950,043
Customer acceptances	-	-	-	4,986,419	-	-	4,986,419
Cash and deposits with banks	-	-	-	93,564,149	-	-	93,564,149
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	1,950,620	1,950,620
	2,565,312	1,096,419	21,947,889	375,988,580	-	1,950,620	403,548,820
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	174,030,933	-	174,030,933
Islamic customer deposits	-	-	-	-	38,493,334	-	38,493,334
Borrowings and lease liabilities	-	-	-	-	147,963,931	-	147,963,931
Other non-current payables	-	-	-	-	1,426,139	-	1,426,139
Customer acceptances	-	-	-	-	4,986,419	-	4,986,419
Repurchase agreements with banks	-	-	-	-	67,129	-	67,129
Trade and other payables	-	-	-	-	51,734,354	-	51,734,354
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	2,282,653	2,282,653
	-	-	-	-	418,702,239	2,282,653	420,984,892

Fair values of the above mentioned financial assets and liabilities approximate their carrying values.

38 FINANCIAL RISK MANAGEMENT (continued)

Risk management framework:

The complexity in the Group's business operations and diversity of geographical locations requires identification, measurement, aggregation and effective management of risk. The Group manages its risks through a risk management framework which incorporates organisational structure, risk measurement and monitoring processes. Risk management for routine operational matters has been delegated to the management of the respective entities.

The key features of the Group's risk management framework are:

- Risk management is embedded in the Group as an intrinsic process and is a core competency of all its employees.
- The Board of Directors of ICD and the respective entities have the overall responsibility and provide the overall risk management direction and oversight. The Group's risk appetite is determined and approved by the Board of Directors of respective entities.
- Credit, market, operational and liquidity risks are managed in a coordinated manner within the respective Group entities.

The risk management function assists senior management in controlling and actively managing the Group's overall risk. This function also ensures that:

- Policies, procedures and methodologies are consistent with the Group's risk appetite.
- The Group's overall business strategy is consistent with its risk appetite.
- Appropriate risk management architecture and systems are developed and implemented.

Risk management process:

Through the risk management framework, transactions and outstanding risk exposures are quantified and compared against authorised limits, whereas non quantifiable risks are monitored against policy guidelines and key risk and control indicators. Any discrepancies, excesses or deviations are escalated to the management for appropriate timely action.

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included in these consolidated financial statements.

The Board of Directors of the respective entities have overall responsibility for:

- establishment and oversight of the risk management framework;
- identifying and analysing the risks in the operations of the respective businesses;
- forming appropriate risk management committees to mitigate the risks of the businesses within the overall risk management framework of the Group.

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38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to investments in marketable securities (primarily bonds and other held-to-maturity investments), Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties), customer acceptances, and cash at bank. The exposure to credit risk on Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties) is monitored on an ongoing basis by the management of the respective subsidiaries and these are considered recoverable by the Group's management. The Group's cash is placed with banks of repute.

Credit risk management and structure

The approach to credit risk management is based on the foundation to preserve independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures in the business segments. The credit policy for the banking operations focuses on the core credit policies and includes lending parameters, target businesses, specific policy guidelines, management of high risk customers, provisioning guidelines, policies governing overseas locations etc. The relevant Credit Management and Investment Committee retains the ultimate authority to approve larger credits. Independent functions within the banking subsidiary manage credit risks on the corporate and retail portfolios.

Trade and other receivables

Sales are made to customers on mutually agreed terms. The credit committees set up by the respective subsidiaries are responsible for determining:

- the creditworthiness of its customers;
- the credit exposure and the credit ratings of the customers; and
- appropriate collateral as securities and financial guarantees.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of Islamic financing and investment products, loans and receivables, trade/contract and other receivables and due from related parties. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Collateral management

Collaterals and guarantees are effectively used as mitigating tools by the Group. The quality of collateral is continuously monitored and assessed.

Where credit facilities are secured by collateral, the Group seeks to ensure the enforceability of the collateral.

Collaterals are revalued regularly as per the Group's credit policy. In addition, ad-hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Group to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014 AED'000	2013 AED'000
Investments in marketable securities	15,007,554	16,641,936
Other non-current assets	20,267,077	13,547,512
Positive fair value of derivatives	2,063,317	1,950,620
Islamic financing and investment products	41,948,785	36,414,875
Loans and receivables	207,891,911	199,525,582
Trade and other receivables (including due from related parties)	28,615,379	27,950,043
Customer acceptances	3,859,864	4,986,419
Deposits with banks	117,613,814	89,886,063
	<u>437,267,701</u>	<u>390,903,050</u>

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38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the Group's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group might have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment.

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Letters of credit	9,351,990	9,341,531
Letters of guarantees	49,284,465	52,397,166
Liabilities on risk participation	1,027,628	2,217,393
Performance bonds	162,568	137,944
Group's share of guarantees issued by associates and joint ventures	5,145,577	4,328,281
Group's share of letters of credit issued by associates and joint ventures	1,356,223	1,359,706
Acceptances	-	995,968
Irrevocable undrawn loan commitments	26,810,870	25,700,148
	93,139,321	96,478,137

Impairment losses

The ageing of Islamic financing and investment products, loans and receivables, other non-current assets and trade/contract receivables at the reporting date is as under:

31 December 2014

	<i>Gross</i> <i>AED'000</i>	<i>Impairment</i> <i>AED'000</i>
Neither past due nor impaired	281,297,530	-
Past due but not impaired		
Past due 1 – 90 days	9,475,368	-
Past due 91 – 365 days	2,055,272	-
Past due and impaired	21,842,977	17,561,304
Collective provision	-	4,349,163
Total	314,671,147	21,910,467

31 December 2013

	<i>Gross</i> <i>AED'000</i>	<i>Impairment</i> <i>AED'000</i>
Neither past due nor impaired	243,845,185	-
Past due but not impaired		
Past due 1 – 90 days	10,838,732	-
Past due 91 – 365 days	3,368,993	-
Past due and impaired	36,546,171	17,841,017
Collective provision	-	3,951,916
Total	294,599,081	21,792,933

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38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Impairment losses (continued)

The past due and impaired amount primarily represents amounts due from certain customers against which the Group believes that existing impairment loss provision is adequate and considers that the balance amount is fully recoverable.

The movement in the allowance for impairment in respect of Islamic financing and investment products, loans and receivables, other non-current assets and trade/contract receivables during the year was as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	21,792,933	17,680,365
Charge during the year – net of recoveries	4,931,551	4,439,137
Amounts written off	(4,704,271)	(223,726)
Interest unwind on impaired loans and receivables	(87,136)	(93,387)
Exchange and other adjustment	(22,610)	-
Transfer to asset held for sale	-	(9,456)
At 31 December	<u>21,910,467</u>	<u>21,792,933</u>

38.2 Liquidity risk

Liquidity risk is the risk of not meeting financial obligations as they fall due. Liquidity risk mainly relates to trade and other payables (including amounts due to related parties), borrowings and lease liabilities, Islamic customer deposits and customer deposits. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. Each subsidiary also has responsibility for managing its own liquidity risk. The Group manages its liquidity by:

- setting appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements;
- day to day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- maintaining a portfolio of marketable assets that can be easily liquidated as protection against any unforeseen interruptions to cash flow; and
- maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including interest payments and the impact of netting of agreements at the reporting date:

Financial liabilities	<i>Carrying amount AED'000</i>	<i>Contractual cash flows AED'000</i>	<i>Less than one year AED'000</i>	<i>More than one year AED'000</i>
<i>31 December 2014</i>				
Customer deposits	185,709,684	187,501,861	180,599,661	6,902,200
Islamic customer deposits	46,304,969	46,425,797	45,886,329	539,468
Borrowings and lease liabilities	163,468,189	182,788,252	50,467,404	132,320,848
Other non-current payables	1,449,020	1,472,196	-	1,472,196
Customer acceptances	3,859,864	3,859,864	3,859,864	-
Repurchase agreements with banks	35,369	35,369	35,369	-
Trade and other payables	56,539,026	56,539,026	56,346,376	192,650
Negative fair value of derivatives	2,321,102	2,338,210	1,010,362	1,327,848
Total	<u>459,687,223</u>	<u>480,960,575</u>	<u>338,205,365</u>	<u>142,755,210</u>

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38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk (continued)

Financial liabilities	<i>Carrying amount</i> AED'000	<i>Contractual cash flows</i> AED'000	<i>Less than one year</i> AED'000	<i>More than one year</i> AED'000
<i>31 December 2013</i>				
Customer deposits	174,030,933	176,039,430	168,925,197	7,114,233
Islamic customer deposits	38,493,334	39,871,491	27,430,423	12,441,068
Borrowings and lease liabilities	147,963,931	166,840,169	54,157,817	112,682,352
Other non-current payables	1,426,139	1,426,139	-	1,426,139
Customer acceptances	4,986,419	4,986,419	4,986,419	-
Repurchase agreements with banks	67,129	67,129	67,129	-
Trade and other payables	51,734,354	51,734,354	51,539,912	194,442
Negative fair value of derivatives	2,282,653	2,271,802	1,382,679	889,123
Total	420,984,892	443,236,933	308,489,576	134,747,357

38.3 Market risk

Market risk is the risk that changes in market prices, such as equity prices, commodity prices, interest / profit rates and foreign currency rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Certain subsidiaries buy and sell derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the respective subsidiaries' governing committees.

Market risk specific to banking operations

To capture the multi-dimensional aspects of market risk, a number of metrics including VaR as an overall risk measure and a number of risk measures appropriate to the trading portfolios are used. The banking subsidiary VaR system for Value-at-Risk calculations, scenario building, and stress testing. The VaR is calculated for specific asset classes and in Total using the Historical Simulation method and measured at the 99% confidence level over a specified horizon (holding period).

The VaR system has been configured to highlight the independent impact of the market risk factors that contributes to total VaR. Thus the banking subsidiary measures VaR by the following risk types:

- Interest rate VaR
- Foreign Exchange VaR
- Equity VaR
- Commodity VaR
- Total VaR

The year-end VaR numbers reported below have been derived using the following configuration:

- Confidence level: 99%
- Holding period: 1 day
- Methodology: Historical Simulation using 2 years of historical data

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38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

Market risk specific to banking operations (continued)

Total Value at Risk

By Asset class	<i>Average</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Actual *</i>
Trading	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
31 December 2014				
Interest rate risk	5,232	9,502	435	3,841
Foreign exchange risk	6,025	13,085	29	12,216
Commodity risk	7	59	-	-
Credit trading risk	2,678	5,557	120	1,005

By Asset class	<i>Average</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Actual *</i>
Trading	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>

31 December 2013

Interest rate risk	2,810	9,797	473	1,639
Foreign exchange risk	3,618	10,723	76	139
Commodity risk	751	1,452	-	-
Credit trading risk	1,835	4,074	151	2,343
Equity risk	2,111	5,480	-	-

* Note that the sum of asset class VaR metrics does not add up to the reported Total VaR metric due to diversification and cross correlation effects.

38.3.1 Equity price risk

Equity price risk arises from investments in marketable equity securities designated as either available-for-sale financial assets or those designated as fair value through profit or loss. Subsidiaries of the Group monitor the mix of marketable securities in their investment portfolios based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors or other appropriate authority of the respective subsidiaries. The primary objective of the investment strategy is to maximise investment returns and maintain adequate liquidity to meet any unforeseen contingencies.

Equity price risk – sensitivity analysis

The Group's quoted equity investments are listed on various stock exchanges in the global markets, mainly in the UAE. A five percent increase in the equity prices would have increased the fair value of the quoted securities by AED 747,610 thousand (2013: AED 312,135 thousand); an equal change in the opposite direction would have decreased the fair value of the quoted securities by AED 747,610 thousand (2013: AED 312,135 thousand). The following table demonstrates the sensitivity of the Group's equity and profit to a 5 percent change in the price of its quoted equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	<i>Effect on profit</i>	<i>Effect on equity</i>
	<i>AED'000</i>	<i>AED'000</i>
31 December 2014		
Effect of changes in quoted equity portfolio of the Group	<u>21,048</u>	<u>747,610</u>
31 December 2013		
Effect of changes in quoted equity portfolio of the Group	<u>23,808</u>	<u>312,135</u>

38 FINANCIAL RISK MANAGEMENT (continued)**38.3.2 Commodity price risk**

One of the Group's subsidiary is exposed to price risk on oil commodities (including jet fuel). This subsidiary manages its exposure to change in oil prices by use of commodity derivative instruments (i.e. commodity futures and options) thereby seeking to minimise the potential adverse effects on the Group's financial performance.

As prices and exchange rates fluctuate, the hedging contracts entered into will generate gains and losses that will be offset by changes in the value of the underlying items being hedged. There may be an exposure to losses in the future if the counterparts to the above contracts fail to perform. The hedging contracts are with counterparts that are financial institutions of repute and management is satisfied that the risk of such non-performance is remote.

Commodity price risk – sensitivity analysis

An increase in the prices of the oil prices would have increased / (decreased) equity and profit respectively by the amounts shown below. This analysis assumes that all other variables remain constant.

Commodities

	<i>Equity</i> <i>AED'000</i>	<i>Profit</i> <i>AED'000</i>
31 December 2014		
Oil prices (5%)	106,740	106,740
	<i>Equity</i> <i>AED'000</i>	<i>Profit</i> <i>AED'000</i>
31 December 2013		
Oil prices (5%)	(65,878)	(65,878)

38 FINANCIAL RISK MANAGEMENT (continued)**38.3.3 Interest / profit rate risk**

The Group is exposed to interest / profit rate fluctuations in the financial market with respect to investments in marketable securities (primarily bonds), Islamic financing and investment products, loans and receivables, fair value of derivatives, cash and deposits with banks, customer deposits, Islamic customer deposits, borrowings and lease liabilities and repurchase agreements with banks.

Certain subsidiaries manage their interest / profit rate risk by entering into various interest rate swap contracts. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Details of interest rate swap contracts (including the nominal values, fair values and the maturity of contracts) are disclosed in Note 29.

Banking operations

Emirates NBD PJSC (the “Bank”), the banking subsidiary of the Group, measures, monitors and manages the interest rate risk in its banking book that constitutes repricing risk, yield curve risk, basis risk, and optionality, as appropriate.

Interest Rate Risk in the Banking Book (“IRRBB”) is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank’s consumer and commercial banking assets and liabilities, and financial investments designated as available-for-sale and held to maturity. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes. Analysis of this risk is complicated by having to make assumptions on embedded optionality within certain product areas such as the incidence of prepayments in consumer loans, and from behavioral assumptions regarding the economic duration of liabilities which are contractually repayable on demand such as current accounts.

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to treasury department under the supervision of the Bank’s Asset and Liability Committee (“ALCO”), through Funds Transfer Pricing (FTP) Systems. The Bank’s ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

The Asset Liability Management (“ALM”) Function of the Bank is responsible for IRRBB measurement, monitoring and control and reports risk exposures independently to the Bank’s ALCO. The Bank’s ALCO reviews that the assumptions (used to transform positions into interest rate exposures) are reasonable and commensurate with the nature and complexity of the Bank’s holdings.

For measuring overall sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its net interest income.

	<i>31 December 2014</i>		<i>31 December 2013</i>	
	<i>Amount</i>	<i>Variance</i>	<i>Amount</i>	<i>Variance</i>
	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>
Rates Up 200 bp	7,631,305	824,034	7,915,412	982,456
Base Case	6,807,271	-	6,932,955	-
Rates Down 200 bp	6,445,638	(361,633)	6,461,028	(471,927)

The interest rate sensitivities set out in the table above are based on simplified scenarios i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. This effect does not incorporate actions that would be taken by treasury or in the business units to mitigate the impact of this interest rate risk. In practice, treasury seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections make other simplifying assumptions too, including that all positions run to maturity.

To measure and manage interest rate risk and its possible impact on Economic Value of the entity, the Bank has established internal limits based on the PV01. The interest rate gaps and sensitivity tests (NII and PV01) are measured on a monthly basis by ALM Function of the Bank, and monitored by its ALCO.

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38 FINANCIAL RISK MANAGEMENT (continued)

38.3.3 Interest / profit rate risk (continued)

Non-banking operations

The table below shows the effect of a change of 100 basis points in interest/profit rate relating to the interest/profit bearing financial assets/liabilities of non-banking operations of the Group at the reporting date on the consolidated income statement. The analysis below excludes interest capitalised and assumes that all other variables remain constant.

	<i>31 December 2014</i>		<i>31 December 2013</i>	
	<i>Effect on</i>		<i>Effect on</i>	
	<i>profit</i>	<i>equity</i>	<i>profit</i>	<i>equity</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
100 bp	116,511	617,630	146,479	506,668

38.3.4 Currency risk

Banking operations

The banking subsidiary of the Group is not significantly exposed to currency risk which is a component of market risk since its assets and liabilities are predominantly in AED and pegged currencies.

Non-Banking operations

The Group is exposed to currency risk on certain sales, purchases and investments that are denominated in a currency other than the functional currency of the Group (i.e. AED). In respect of monetary assets and liabilities denominated in USD, there is no exchange risk involved presently as AED is pegged to USD. The currencies, other than AED and USD, in which significant transactions and balances are denominated, are Sterling Pounds ("GBP"), EURO and Singapore Dollars ("SGD"). The Group closely monitors its currency rate trends and the related impact on revenues and proactively manages its currency exposure from its revenue related activities.

The following significant exchange rates were applied during the current year:

	<i>Average rate</i>	<i>Reporting rate (spot rate)</i>
	<i>AED</i>	<i>AED</i>
<i>31 December 2014</i>		
SGD	2.90	2.77
GBP	6.05	5.70
EURO	4.88	4.46
	=====	=====
	<i>Average rate</i>	<i>Reporting rate (spot rate)</i>
	<i>AED</i>	<i>AED</i>
<i>31 December 2013</i>		
SGD	2.93	2.98
GBP	5.74	6.06
EURO	4.88	5.06
	=====	=====

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38 FINANCIAL RISK MANAGEMENT (continued)

38.3.4 Currency risk (continued)

Non-Banking operations (continued)

Currency rate risk - sensitivity analysis

A 10 percent strengthening of the AED against the various significant currencies at 31 December would have correspondingly increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2014

	<i>Effect on</i>	
	<i>Equity</i>	<i>profit</i>
	<i>AED'000</i>	<i>AED'000</i>
SGD	2,830	2,709
GBP	(753,383)	(1,032)
EURO	21,809	(3,298)

31 December 2013

	<i>Effect on</i>	
	<i>Equity</i>	<i>profit</i>
	<i>AED'000</i>	<i>AED'000</i>
SGD	4,475	4,475
GBP	18,204	568
EURO	14,499	(5,420)

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38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management

38.4.1 Capital management (banking operations)

The Central Bank of UAE supervises the banking subsidiary of the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. The capital is computed at a level using the Basel II framework of the Basel Committee on Banking Supervision (“Basel Committee”), after applying the amendments advised by the Central Bank, within national discretion. The Basel II framework is structured around three ‘pillars’: minimum capital requirements (Pillar I); supervisory review process (Pillar II); and market discipline (Pillar III).

Minimum Capital Requirements

For implementing current capital requirements, the Central Bank of UAE requires the Bank to maintain a prescribed minimum ratio of total capital to total risk-weighted assets of 12% (of which Tier I to be 8%).

The tiered components of Bank’s regulatory capital comprise of:

- Tier I capital includes share capital, legal, Tier 1 capital notes, statutory and other reserves, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and
- Tier II capital includes qualifying subordinated debt, undisclosed reserve and fair value reserve.

The Group is compliant with the Standardised Approach for Credit, Market and Operational Risk (Pillar I) with effect from 31 December 2007.

The capital adequacy ratio as per Basel II framework is given below:

	<i>2014</i> <i>AED’000</i>	<i>2013</i> <i>AED’000</i>
<u>Tier I Capital</u>		
Issued capital	5,557,775	5,557,775
Share premium reserve	12,270,124	12,270,124
Legal and statutory reserve	2,778,888	2,778,888
Other reserves	2,797,794	2,874,876
Retained earnings	13,031,219	9,825,643
Tier 1 Capital notes	9,477,076	7,648,497
Non-controlling interests	4,926	4,525
Total tier I Capital	45,917,802	40,960,328
Less: Goodwill and intangibles	(6,156,380)	(6,262,498)
Less: Treasury shares	(46,175)	(46,175)
Total	39,715,247	34,651,655
<u>Tier II Capital</u>		
Undisclosed reserves / general provisions	4,348,163	3,951,916
Cumulative changes in fair value	401,081	360,522
Hybrid (debt / equity) capital instruments	-	2,870,529
Subordinated debt	3,869,898	3,844,168
Total	8,619,142	11,027,135
Of which: Eligible tier II capital	6,670,128	9,911,753
Total regulatory capital	46,385,375	44,563,408

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38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management (continued)

38.4.1 Capital management (banking operations) (continued)

RISK WEIGHTED EXPOSURE

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Credit risk	191,931,999	209,194,418
Market risk	6,961,239	2,811,678
Operational risk	21,346,673	14,916,688
Total	220,239,911	226,922,784
Capital Ratio:		
Total regulatory capital as a percentage of total risk weighted assets	21.06%	19.64%
Total Tier I regulatory capital as a percentage of total risk weighted assets	18.03%	15.27%

The Bank has a robust capital adequacy assessment, monitoring and reporting process, it is pro-actively advancing its internal capital adequacy assessment framework along the lines of Basel II and in anticipation of Basel III.

The Bank's forward-looking internal capital adequacy assessment process is based on the Bank's financial budget projections. Various stress scenarios are considered to assess the strength of Bank's capital adequacy over a three year period.

The implemented internal capital adequacy assessment process is based on Economic Capital and defines adequacy as balance of capital supply, in form of available financial resources, and capital demand, in form of cushion against unexpected losses.

The Bank measures capital adequacy as "the capability to withstand unexpected losses at a confidence level of 99.9% through its capital base including projected net-income post dividend and provisions" with the latter measure being the key measure for the adequacy assessment.

The results of the internal capital adequacy assessment process, quarterly actual assessment as well as the annual multi-year forward-looking forecast are monitored against the Bank's Risk Strategy.

The Bank employs an Integrated Stress Testing Framework to quarterly assess the potential implications of adverse financial conditions and the development of key ratios under stressful conditions. The outcomes of the Integrated Stress Testing Framework influence the setting of the Bank's risk appetite as part of the Bank's periodical Risk Strategy review.

The Integrated Stress Testing Framework encompasses

- the forward-looking assessment of economic scenarios, including potential feedback loops and second round effects,
- the measurement of sensitivities against key risk drivers and parameters, as well as,
- the analysis of reverse stress tests modelling events that could cause a significant impact on the Bank, and provides by that a comprehensive analysis on the potential impact in terms of balance sheet structure, financial performance, capitalisation levels and funding profile.

The Bank's stress testing process involves key stake-holders of Group Finance, the Bank's economist and the business units in order to develop economically relevant scenarios and include the views of key stakeholders. The results of the quarterly stress testing exercises are discussed at Senior Management and Board level.

Investment Corporation of Dubai and its Subsidiaries
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38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management (continued)

38.4.1 Capital management (banking operations) (continued)

In addition, the Bank uses the results of the Integrated Stress Testing Framework to assess the outcome and stability of the employed Economic capital models.

The Bank manages a number of funds which are not consolidated in the consolidated financial statements. The funds have no recourse to the general assets of the Bank; further the Bank has no recourse to the assets of the funds. Third party funds managed by the Bank were AED 10,750 million at 31 December 2014 (2013: AED 7,477 million).

38.4.2 Capital management (non-banking operations)

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in business conditions. The total equity comprises capital, other distributable and non-distributable reserves and retained earnings aggregating to AED 140,468,779 thousand as at 31 December 2014 (2013: AED 119,399,592 thousand).

The Group has certain bank borrowing arrangements which require maintaining certain ratios and shareholding structure. Apart from these requirements and subordination of funding provided by the shareholders of certain subsidiaries, neither ICD nor any of its subsidiaries are subject to any additional externally imposed capital requirements.

39 MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

	<i>Country of incorporation and operations</i>	2014	2013
Name			
Emirates NBD PJSC	UAE	44.36%	44.36%
Dragon Oil plc	Republic of Ireland / UAE	46.00%	46.00%
		2014	2013
		(AED'000)	(AED'000)
Balances of material non-controlling interests:			
Emirates NBD PJSC*		26,517,564	19,273,527
Dragon Oil plc		6,287,925	5,475,827
Profit allocated to material non-controlling interests:			
Emirates NBD PJSC		2,549,029	1,628,841
Dragon Oil plc		1,099,718	866,587
Dividend / interest paid to material non-controlling interests:			
Emirates NBD PJSC*		1,122,274	739,472
Dragon Oil plc		315,517	248,834

* These include Tier 1 capital notes and interest thereon.

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39 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for the year ended 2014:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Profit for the year from continuing operations	5,139,030	2,390,690
Total comprehensive income	<u>5,152,079</u>	<u>2,390,690</u>

Summarised statement of financial position as at 31 December 2014:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Current assets	<u>219,465,808</u>	<u>10,936,723</u>
Non-current assets	<u>143,555,183</u>	<u>6,950,697</u>
Current liabilities	<u>267,721,609</u>	<u>3,777,481</u>
Non-current liabilities	<u>48,536,465</u>	<u>823,075</u>

Summarised cash flow statement information for year ended 31 December 2014:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Net cash from operating activities	9,691,717	3,020,225
Net cash from / (used in) investing activities	1,640,599	(2,304,365)
Net cash from / (used in) financing activities	6,494,919	(679,750)
Net increase in cash and cash equivalents	<u>17,827,235</u>	<u>36,110</u>

Summarised statement of comprehensive income for the year ended 2013:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Profit for the year from continuing operations	<u>3,256,366</u>	<u>1,883,890</u>
Total comprehensive income	<u>3,473,838</u>	<u>1,883,890</u>

Investment Corporation of Dubai and its Subsidiaries
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39 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

Summarised statement of financial position as at 31 December 2013:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Current assets	211,347,188	10,110,076
Non-current assets	130,714,087	6,045,959
Current liabilities	258,300,159	3,603,503
Non-current liabilities	42,045,804	647,373

Summarised cash flow statement information for year ended 31 December 2013:

	<i>Emirates NBD PJSC (AED'000)</i>	<i>Dragon Oil plc (AED'000)</i>
Net cash (used in) / from operating activities	(3,636,531)	2,915,789
Net cash from / (used in) investing activities	1,838,721	(3,311,495)
Net cash from / (used in) financing activities	4,125,693	(500,219)
Net increase/(decrease) in cash and cash equivalents	2,327,883	(895,925)

40 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities, which is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised into the following three major reportable operating segments:

- Transportation and related services: This segment comprises primarily of passenger and commercial air transportation (including retail of consumer goods and in-flight catering), airport handling operations, aircraft handling and engineering services, other travel related services, aircraft leasing and MRO services;
- Oil and gas products/services: This segment comprises of upstream oil and gas production and downstream marketing and retailing of oil and gas functions; and
- Banking and other financial services: This segment comprises of banking operations, non-bank financial institutions, holding and administering of interests in the financial exchanges and financial transaction management advisory services.

Other segments are components of the Group's business activities that need not be disclosed separately as per the criteria specified under IFRS 8- Operating Segments. A brief description of these businesses is as follows:

- Retail trade: Primarily comprises of duty free retail services at Dubai's airports, ownership and operations of supermarkets and retail services, and trading of goods and services across various sectors such as automobiles and industrial machinery.
- Rental income: Primarily comprises of income from operating leases of buildings and from rental of exhibition and convention centres;
- Hotels and leisure: Primarily comprises of the hotels owned by the Group and related operations.
- Contract revenue: Comprises of income from structural steelwork manufacturing.
- Other investment income: Primarily comprises of investment operations.

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40 OPERATING SEGMENTS (continued)

Financial information in relation to the various operating segments of the Group has been presented as under:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
2014:					
Revenues					
Revenue from external customers	<u>16,326,155</u>	<u>99,420,932</u>	<u>71,196,785</u>	<u>11,420,195</u>	<u>198,364,067</u>
Results:					
Profit for the year from continuing operations before tax	<u>10,184,213</u>	<u>5,506,257</u>	<u>3,726,726</u>	<u>3,258,214</u>	<u>22,675,410</u>
Assets and liabilities:					
Segmental Assets	<u>365,528,895</u>	<u>136,860,228</u>	<u>73,055,414</u>	<u>96,834,127</u>	<u>672,278,664</u>
Segmental Liabilities	<u>298,552,041</u>	<u>99,501,703</u>	<u>44,345,297</u>	<u>39,853,576</u>	<u>482,252,617</u>
	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
2013:					
Revenues					
Revenue from external customers	<u>13,942,382</u>	<u>90,152,111</u>	<u>63,965,749</u>	<u>10,202,558</u>	<u>178,262,800</u>
Results:					
Profit for the year from continuing operations before tax	<u>4,534,970</u>	<u>4,248,264</u>	<u>5,069,087</u>	<u>2,844,768</u>	<u>16,697,089</u>
Assets and liabilities:					
Segmental Assets	<u>337,331,219</u>	<u>119,593,389</u>	<u>64,341,047</u>	<u>65,431,970</u>	<u>586,697,625</u>
Segmental Liabilities	<u>279,235,452</u>	<u>86,296,032</u>	<u>38,646,665</u>	<u>38,292,861</u>	<u>442,471,010</u>

One of the Group's entities engaged in industrial manufacturing had been classified as a disposal group held for sale as at 31 December 2013 and accordingly had not been considered for IFRS 8 – Operating Segments disclosure.

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The extent of ICD's ownership in significant subsidiaries, associates and joint ventures and their principal activities is as follows:

SUBSIDIARIES:

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
List of subsidiaries of ICD				
Emirates NBD PJSC	55.64%	55.64%	UAE	Banking
Dubai Aluminium (see note 23)	-	100.00%	UAE	Aluminium smelter
Emirates National Oil Co. Limited (ENOC) LLC	100.00%	100.00%	UAE	Development and production of oil and gas, gas gathering and processing, production and selling of MTBE, marketing of petroleum products and retailing at service stations, oil trading, terminalling and storage, condensate processing, aviation fuel marketing, lubricant marketing, bunkering and oil related shipping activities
Dubai World Trade Centre (LLC)	100.00%	100.00%	UAE	Management of Dubai World Trade Centre Complex
Cleveland Bridge and Engineering Middle East (Private) Limited	51.00%	51.00%	UAE	Contracting for designing, industrial and commercial structures
Emirates	100.00%	100.00%	UAE	Commercial air transportation which includes passenger, cargo and postal carriage services, wholesale and retail of consumer goods, in-flight and institutional catering and hotel operations
Dnata/dnata World Travel	100.00%	100.00%	UAE	Aircraft handling and engineering services, handling services for export and import cargo, information technology services, representing airlines as their general sales agent, travel agency and other travel related services and inflight and institutional catering
Cleveland Steel Emirates LLC	51.00%	51.00%	UAE	Structural steel manufacture

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dubal Holding LLC	100.00%	100.00%	UAE	Investment company in commercial/industrial enterprises and management
Borse Dubai Limited	89.72%	89.72%	UAE	Acquire and hold interests in undertakings operating or active in the financial exchange sector as well as the administration, development and management of such holdings
Aswaaq LLC	99.00%	99.00%	UAE	Retail trading
Emaratech (Emarat Technology Solutions) FZ LLC	100.00%	100.00%	UAE	Information technology services for DNRD
Golf in Dubai LLC	99.00%	99.00%	UAE	Managing of Golf events
Dubai Duty Free Establishment	100.00%	100.00%	UAE	Duty Free operations at airports
Dubai Silicon Oasis Authority	100.00%	100.00%	UAE	Property related operations
Dubai Airport Freezone Authority	100.00%	100.00%	UAE	Property related operations
National Bonds Corporation PJSC	100.00%	100.00%	UAE	Finance investment company primarily engaged in promoting and setting-up all types of investment funds and projects, and acting as an investment manager.
Dubai Aerospace Enterprises (DAE) Limited	68.36%	68.36%	UAE	Operations in aircraft leasing, maintenance, repair and overhaul.
D Clear Europe Ltd	100.00%	100.00%	UK	Development, distribution and service of its transaction lifecycle Management Software products and Data Management services.
ICD Funding Limited	100.00%	-	Cayman Islands	Investment company
Atlantis the Palm Holding Co. Ltd.	100.00%	-	UAE	Hotel operations

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
AMSA Holding FZE	100.00%	-	UAE	Owning and leasing of properties
Gazelle Finance Limited	100.00%	-	Cayman Islands	Special purpose vehicle for holding investments
Future City Global Investment LLC	100.00%	100.00%	UAE	Investment company in commercial enterprises and management
Al Salwa Investment LLC	100.00%	100.00%	UAE	Holding and proprietary investments Company
One Za'abeel LLC	100.00%	100.00%	UAE	Management of real estate
Sanad Dubai LLC	100.00%	100.00%	UAE	Real estate holding and trust company
Iceberg Limited	100.00%	100.00%	Cayman Islands	Special purpose vehicle for holding investments
Pelegen LLC	100.00%	100.00%	UAE	Engage in real estate management services
Solidity LLC	100.00%	100.00%	UAE	Special purpose vehicle for holding investments
Unity LLC	100.00%	100.00%	UAE	Special purpose vehicle for unregulated proprietary transactions relating to financial instruments including derivatives
Iceberg 2 Limited	100.00%	100.00%	Cayman Islands	Special purpose vehicle for holding investments
Deira Waterfront Development LLC	100.00%	100.00%	UAE	Property development management
ICD Asset Management LLC	100.00%	100.00%	UAE	Facilities management services
List of subsidiaries of Emirates NBD PJSC				
Buzz Contact Centre Solutions LLC	100.00%	100.00%	UAE	Call centre management services
Dubai Bank PJSC	100.00%	100.00%	UAE	Islamic Banking
E.T.F.S. LLC	100.00%	100.00%	UAE	Trade finance services
Emirates Financial Services PSC	100.00%	100.00%	UAE	Fund management
Emirates Funds Managers (Jersey) Limited	100.00%	100.00%	UK	Asset management

Investment Corporation of Dubai and its Subsidiaries

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates NBD PJSC (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Emirates NBD Global Funding Limited	100.00%	100.00%	Cayman Island	Medium term borrowing and money market transactions
Emirates NBD Asset Management Limited	100.00%	100.00%	UAE	Asset management
Emirates Islamic Bank PJSC	99.90%	99.90%	UAE	Islamic Banking
Emirates NBD Trust Company (Jersey) Limited	100.00%	100.00%	UK	Trust administration services
Emirates NBD Securities LLC	100.00%	100.00%	UAE	Brokerage services
Emirates NBD Properties LLC	100.00%	100.00%	UAE	Real estate
Emirates Money Consumer Finance LLC	100.00%	100.00%	UAE	Consumer finance
Emirates Fund LLC	100.00%	100.00%	UAE	Assets Management
Emirates NBD Capital (KSA) LLC	100.00%	100.00%	KSA	Investment services
KSA Mortgage Company	100.00%	100.00%	KSA	Nominee Company for Mortgage Business
ENBD London Branch Nominee Company	100.00%	100.00%	UK	Asset Management
Emirates NBD Egypt S.A.E (formerly known as BNP Paribas Egypt S.A.E)	100.00%	100.00%	Egypt	Banking
Tanfeeth LLC	100.00%	100.00%	UAE	Shared services organization
Group tranche of Emblem Finance Company No. 2 Limited	100.00%	100.00%	UAE	Asset securitisation
Emirates NBD Auto Financing Limited	100.00%	100.00%	UAE	Asset securitisation
Emirates NBD Auto Finance Limited	100.00%	100.00%	UAE	Asset securitisation

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates NBD PJSC (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
ENBD Asset Finance Company No.1 Limited	100.00%	100.00%	Republic of Ireland	Asset securitisation
ENBD Asset Finance Company No.2 Limited	100.00%	100.00%	Cayman Island	Asset securitisation
Emirates NBD Tier 1 Limited	100.00%	100.00%	Cayman Island	Asset securitisation
Emirates NBD 2014 Tier 1 Limited	100.00%	-	Cayman Island	Asset securitisation
EIB Sukuk Limited	100.00%	-	Cayman Island	Asset securitisation

List of subsidiaries of National Bonds Corporation PJSC

National Bonds Limited FZE	100.00%	100.00%	UAE	Investment
First Wharf Tower LLC	100.00%	100.00%	UAE	Real estate development
National Properties LLC	100.00%	100.00%	UAE	Management services
Sky Courts LLC	100.00%	100.00%	UAE	Real estate development
BCS LLC	-	51.00%	UAE	Facilities management
National Healthcare LLC	100.00%	100.00%	UAE	Healthcare
Dubai Cup LLC	100.00%	100.00%	UAE	Sports clubs & facility management
Alpha Utilities Management Services LLC	100.00%	100.00%	UAE	Sewage and drainage service

List of subsidiaries of Dubai Aluminium (see note 23)

Dubal America Inc.	-	100.00%	USA	Aluminium supply
Dubal Korea Limited	-	100.00%	Korea	Aluminium supply
Dubal Europe AG	-	100.00%	Switzerland	Aluminium supply
Dubal EU Imports S.R.L.	-	100.00%	Italy	Aluminium supply
Dubai Aluminium Enterprises Limited	-	100.00%	British Virgin Islands	Aluminium supply

List of subsidiaries of Borse Dubai Limited

Dubai Financial Market PJSC (DFM)	79.70%	79.70%	UAE	Electronic Financial Market
Nasdaq Dubai Limited (NASDAQ Dubai)	86.42%	86.42%	UAE	Electronic Financial Market

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates National Oil Co. Limited (ENOC) LLC

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dubai Natural Gas Company Limited	100.00%	100.00%	UAE	Gas processing
Emirates Gas LLC	100.00%	100.00%	UAE	Bottling and sale of LPG
Emirates National Oil Company (Singapore) Private Limited	100.00%	100.00%	Singapore	Petroleum supply & trading
ENOC Processing Company LLC	100.00%	100.00%	UAE	Petroleum refining
ENOC Properties LLC	100.00%	100.00%	UAE	Property & facility management
ENOC Supply and Trading LLC	100.00%	100.00%	UAE	Petroleum supply & trading
Emirates Petroleum Products Company LLC. (EPPCO) LLC	100.00%	100.00%	UAE	Gasoline retailing
Global Technology Services LLC	100.00%	100.00%	UAE	IT projects and services
Horizons Terminals Limited	100.00%	100.00%	Bahamas	Terminalling holding company
Horizon Jebel Ali Terminals Limited	100.00%	100.00%	Bahamas	Chemical terminal
Cylingas Company LLC	100.00%	100.00%	UAE	Tank fabrication and cylinder manufacturing
Dragon Oil Plc	54.00%	54.00%	Republic of Ireland	Oil and gas exploration and production
ENOC Marketing LLC	100.00%	100.00%	UAE	Petroleum sales and marketing
Horizon Singapore Terminals Private Limited	52.00%	52.00%	Singapore	Petroleum terminal
ENOC Fuel Supply Company LLC	100.00%	100.00%	UAE	Petroleum supply and trading
ENOC Commercial & Distribution LLC	100.00%	100.00%	UAE	Petroleum sales and marketing
ENOC Lubricants & Grease Manufacturing Plant LLC	100.00%	100.00%	UAE	Lubricants and grease manufacturing
Horizon Emirates Terminals LLC	100.00%	100.00%	UAE	Petroleum terminal

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emaratech (Emarat Technology Solutions) FZ LLC

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Aamal (Sole Establishment)	100.00%	100.00%	UAE	Services for typing, photocopying document clearing, and facilities management
Datel System & Software LLC	100.00%	100.00%	Jordan	Installation and operation of e-gates in Kingdom of Jordan.
Zajel Courier Services (sole establishment)	100.00%	100.00%	UAE	Letters and post items delivery, parcels delivery and documents transport
Emirates Real Estate Services (sole establishment)	100.00%	100.00%	UAE	Information technology consultancy and operations.
Zajel FZE, UAE	100.00%	100.00%	UAE	Letters and post items delivery, parcels delivery and documents transport.

List of subsidiaries of Dubai Airport Freezone Authority

DAFZA Investments FZE	100.00%	100.00%	UAE	Commercial and industrial investment and providing management services
DAFZA Economics & Free Zone Management FZE	100.00%	100.00%	UAE	Managing economic and free zones
Dubai Airport Freezone (USA) Inc	100.00%	100.00%	USA	Negotiating and signing service contracts in USA
Free Zone Development FZE	100.00%	-	UAE	Providing management services

List of subsidiaries of Dubai Silicon Oasis Authority

Dubai Silicon Oasis Inc. ("DSO Inc")	100.00%	100.00%	USA	Sales and marketing
Dubai Circuit Design FZE ("DCD")	-	100.00%	UAE	Semi-conductor design services
University Development FZE	100.00%	100.00%	UAE	University development
Silicon Real Estate LLC	100.00%	100.00%	UAE	Incubation centre
DSO-1 FZE	100.00%	100.00%	UAE	Holding company
Silicon Oasis Founders FZCO	100.00%	100.00%-	UAE	Incubation centre

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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Emirates

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Maritime & Mercantile International Holding L.L.C.	100.00%	100.00%	UAE	Holding Company
Maritime & Mercantile International L.L.C.	68.70%	68.70%	UAE	Wholesale and retail of consumer goods
Emirates Leisure Retail L.L.C.	68.70%	68.70%	UAE	Food and beverage operations
Emirates Leisure Retail Holding L.L.C.	100.00%	100.00%	UAE	Holding company
Emirates Hotel L.L.C.	100.00%	100.00%	UAE	Hotel operations
Emirates Hotel (Australia) Pty Ltd.	100.00%	100.00%	Australia	Hotel operations
Emirates Flight Catering Company L.L.C.	90.00%	90.00%	UAE	In-flight and institutional catering
Emirates Leisure Retail (Oman) L.L.C.	70.00%	70.00%	Oman	Food and beverage operations
Emirates Leisure Retail (Singapore) Pte. Ltd	100.00%	100.00%	Singapore	Food and beverage operations
Emirates Leisure Retail (Australia) Pty. Ltd	100.00%	100.00%	Australia	Food and beverage operations

List of subsidiaries of Dnata/Dnata World Travel

Dnata Travel (UK) Ltd	100.00%	100.00%	United Kingdom	Travel agency
Dnata Inc.	100.00%	100.00%	Philippines	Aircraft handling services
Dnata International Airport Services Pte Ltd	100.00%	100.00%	Singapore	Holding company
Maritime and Mercantile International Travel LLC	100.00%	100.00%	UAE	Travel agency
Dnata GmbH	100.00%	100.00%	Austria	Holding company
Dnata Switzerland AG	100.00%	100.00%	Switzerland	Aircraft handling services

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Dnata/Dnata World Travel (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Al Hidaya Travel and Tourism WLL	100.00%	100.00%	Bahrain	Travel agency
Cleopatra International Travel WLL	100.00%	100.00%	Bahrain	Travel agency
Dnata Aviation Services Ltd	100.00%	100.00%	UK	Holding company
Mercator Asia Co. Ltd.	-	100.00%	Thailand	Information technology services
Dnata for Airport Services Ltd	100.00%	100.00%	Iraq	Aircraft handling services
Dnata Catering Services Ltd	100.00%	100.00%	UK	Holding company
Alpha Flight Group Ltd	100.00%	100.00%	UK	In-flight catering services
Alpha Flight UK Ltd	100.00%	100.00%	UK	In-flight catering services
Alpha Flight Services Pty Ltd	100.00%	100.00%	Australia	In-flight catering services
Alpha Flight Ireland Ltd	100.00%	100.00%	Republic of Ireland	In-flight catering services
Travel Republic Limited	75.00%	75.00%	UK	Online travel services
Marhaba Bahrain SPC	100.00%	100.00%	Bahrain	Passenger meet and greet services
Airline Cleaning Service Pty Ltd	100.00%	100.00%	Australia	Aircraft cleaning service
Dnata Singapore Pte Ltd.	100.00%	100.00%	Singapore	Aircraft handling and catering services
Dnata International Private Limited	100.00%	100.00%	India	Travel agency
Dnata World Travel Limited	75.00%	75.00%	UK	Holding company
Alpha In-Flight US LLC	100.00%	100.00%	USA	In-flight catering services
Alpha Rocas SA	64.20%	64.20%	Romania	In-flight catering services
Alpha Flight Services UAE	49.00%	49.00%	UAE	In-flight catering services
Jordan Flight Catering Company Ltd	35.90%	35.90%	Jordan	In-flight catering services

Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Dnata/Dnata World Travel (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
En Route International Limited	80.00%	80.00%	UK	Bakery and packaged food solutions
Dnata Limited	100.00%	100.00%	UK	Aircraft handling services
Alpha Flight a.s.	100.00%	100.00%	Czech Republic	In-flight catering services
Alpha Flight Italia srl	100.00%	100.00%	Italy	Holding company
Najm Travel LLC	100.00%	100.00%	UAE	Travel agency
Dnata Travel Holdings UK Ltd	100.00%	-	UK	Travel services
Air Chef srl	100.00%	100.00%	Italy	In-flight catering services
Servizi di Bordo srl	100.00%	80.00%	Italy	In-flight catering services
Gold Medal Travel Group plc	100.00%	-	UK	Travel services
Airline Network plc	100.00%	-	UK	Travel services
Dnata Travel Inc	100.00%	-	Philippines	Travel services
Travel Partners LLC	100.00%	-	UAE	Travel services
Stella Travel Services (UK) Ltd	100.00%	-	UK	Travel services
Stella Global UK Ltd	100.00%	-	UK	Travel services

List of subsidiaries of Dubai World Trade Centre

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Novotel World Trade Centre LLC	100.00%	100.00%	UAE	Hotel management
Ibis World Trade Centre LLC	100.00%	100.00%	UAE	Hotel management
Dubai Association Centre LLC	100.00%	100.00%	UAE	Businessman forum
DXB Live LLC	100.00%	100.00%	UAE	Event management

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Dubai World Trade Centre (continued)

	Ownership interest 2014	Ownership interest 2013	Country of incorporation	Principal activities
Sevan Sands Emirati Cuisine and Lounge LLC	100.00%	-	UAE	Restaurant and catering services

**List of subsidiaries of
D-Clear Europe
Limited**

SmartStream Technologies Group Limited	100.00%	100.00%	UK	Holding Company
SmartStream Funding Limited	100.00%	100.00%	UK	Holding Company
SmartStream Acquisitions Limited	100.00%	100.00%	UK	Holding Company
SmartStream Technologies Holdings Limited	100.00%	100.00%	UK	Software Company
SmartStream Technologies Limited	100.00%	100.00%	UK	Holding company
SBS International Holdings Limited	100.00%	100.00%	UK	Software Company
SmartStream Technologies GmbH	100.00%	100.00%	Austria	Software Company
SmartStream Technologies (Deutschland) GmbH	100.00%	100.00%	Germany	Software Company
SmartStream Technologies Schweiz GmbH	100.00%	100.00%	Switzerland	Software Company
SmartStream Technologies France S.A	100.00%	100.00%	France	Software Company

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of D-Clear Europe Limited (continued)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
SmartStream Technologies Iberia SL	100.00%	100.00%	Spain	Software Company
SmartStream Technologies Benelux-Nordic N:V	100.00%	100.00%	Belgium	Software Company
SmartStream Technologies Italia Srl	100.00%	100.00%	Italy	Software Company
SmartStream Technologies (Asia Pacific) Pte. Ltd	100.00%	100.00%	Singapore	Software Company
SmartStream Technologies Inc.	100.00%	100.00%	USA	Software Company
African Management Data Pty. Ltd	100.00%	100.00%	South Africa	Software Company
Smart Stream Technologies Australia Pty. Ltd	100.00%	100.00%	Australia	Software Company
SmartStream Technologies Luxembourg S.A.	100.00%	100.00%	Luxembourg	Software Company
SmartStream Technologies India Private Ltd	100.00%	100.00%	India	Software Company
SmartStream Technologies (Dubai) LLC	100.00%	100.00%	Dubai	Software Company
SmartStream Technologies (Beijing) Co Ltd	100.00%	100.00%	China	Software Company
SmartStream Technologies India Distributor Private Ltd	100.00%	100.00%	India	Software Company
SmartStream Technologies Netherland B.V	100.00%	100.00%	Netherland	Software Company

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Dubai Aerospace Enterprise (DAE) Limited *

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Associated Air Center, L.P.	100.00%	100.00%	USA	Interior completions for large private aircrafts
DAE Aviations Holdings Inc.	97.30%	97.60%	USA	Parent company
DAE Hungary	100.00%	100.00%	Hungary	Holding company
DAE U.S. II, Inc.	99.90%	99.90%	USA	Holding company
DAE U.S., Inc.	100.00%	100.00%	USA	Provides maintenance, repair and overhaul
Standard Aero (Alliance) Inc.	100.00%	100.00%	USA	(MRO) services – Military and regional aviation market
Standard Aero (Asia) PTE Ltd	100.00%	100.00%	Asia	Provides MRO services – business aviation markets
Standard Aero (Australia) PTY Ltd	100.00%	100.00%	Australia	Provides MRO services – military and general aviation markets
Standard Aero (San Antonio) Inc.	100.00%	100.00%	USA	Provides MRO services – aviation market
Standard Aero Business Aviation Services, LLC	100.00%	100.00%	USA	Provides MRO services – primarily business jet aviation market
Standard Aero BV	100.00%	100.00%	Netherlands	Service centre for Pratt & Whitney turnoprop aircraft engines
Standard Aero de Mexico S.A de C.V	100.00%	100.00%	Mexico	Service center
Standard Aero Limited	100.00%	100.00%	Canada	Provides MRO services – business, regional and military aviation markets.
Standard Aero Redesign Services Inc.	100.00%	100.00%	USA	Provides aircraft operational solutions for business and military organisations
TSS Aviation Inc.	100.00%	100.00%	USA	Engine and airframe component repairs for models serviced

* Subsequent to the year end, DAE has signed a definitive agreement to sell 100% of Standard Aero Inc. to an affiliate of Veritas Capital.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

List of subsidiaries of Atlantis the Palm Holding Company Limited (see note 10)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Atlantis the Palm Limited	100.00%	-	British Virgin Islands	Hotel operations

ASSOCIATES:

List of associates of ICD

Emaar Properties PJSC	27.50 %	29.29%	UAE	Property investment and development, property management services, education, healthcare, retail, hospitality and investments in providers of financial services
Dubai Islamic Bank PJSC	27.91%	28.63%	UAE	Banking
Commercial Bank of Dubai PSC	20.00%	20.00%	UAE	Banking
Galadari Brothers Company Limited (LLC)	37.94%	37.94%	UAE	Company engaged in trading of various goods and services
Dubai Ice Plant and Cold Stores	28.00%	28.00%	UAE	Manufacture and sale of ice.
Emirates Investment & Development PSC	27.92%	27.92%	UAE	Investment in properties, securities, agriculture, livestock and food, in addition to establishing trading, investing and manufacturing project inside and outside the UAE
Dubai Development Company PJSC	25.00%	25.00%	UAE	Real estate development
HSBC Middle East Finance Company Limited	20.00%	20.00%	UAE	Provision of hire purchase finance for the purchase of motor vehicles and equipment.
Emirates Refreshments PSC	20.00%	20.00%	UAE	Bottling and selling mineral water as well as manufacturing plastic packs and bottles
Noor Investment Group LLC	25.00%	25.00%	UAE	Investment company
Kerzner International Holdings Limited (see note 15 (a))	45.11%	-	Bahamas	Hotel operations and management

Investment Corporation of Dubai and its Subsidiaries

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At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES (continued):

List of associates of Emirates NBD PJSC

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
National General Insurance Co. PSC	36.70%	36.70%	UAE	General and life insurance

List of associates of Emirates National Oil Co. Limited (ENOC) LLC

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Horizon Djibouti Holding Limited	44.44%	44.44%	Djibouti	Terminalling holding company
Arabtank Terminals limited	36.50%	37.00%	Saudi Arabia	Petroleum and chemical terminal
Gulf Energy Maritime PJSC	35.62%	35.62%	UAE	Shipping
Vopak Horizon Fujairah Holding Limited	33.33%	33.33%	Gibraltar	Terminalling holding company
Horizon Tangiers Terminals SA	34.00%	34.00%	Morocco	Petroleum terminals

List of associates of Dnata/Dnata World Travel

Dubai Express LLC	50.00%	50.00%	UAE	Freight clearing and forwarding
Gerry's Dnata (Private) Ltd	50.00%	50.00%	Pakistan	Aircraft handling services
MindPearl AG	49.00%	49.00%	Switzerland	Contract centre operation
MindPearl South Africa (pty) Ltd.	49.00%	49.00%	South Africa	Contract centre operation
Hogg Robinson Group Plc	22.00%	22.40%	UK	Corporate travel services
Oman United Agency Travel LLC	50.00%	50.00%	Oman	Corporate travel services
Guangzhou Baiyn International Airport Ground Handling Services Company Ltd.	20.00%	20.00%	China	Aircraft handling services
Mercator Solutions FZE	20.00%	-	UAE	Information technology services
SEA Services srl	-	36.00%	Italy	In-flight catering services

Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES (continued):

List of associates of Borse Dubai Limited

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Nasdaq OMX Group Inc. (NASDAQ OMX) (see note 41.1)	17.64%	17.58%	USA	Stock Exchange
London Stock Exchange plc. (LSE) (see note 15 (c))	-	20.65%	UK	Stock Exchange

List of associates of Dubai Silicon Oasis Authority

German Business Park FZCO	32.00%	32.00%	UAE	Mix use property development
MENA Network FZCO	28.00%	35.00%	UAE	Owning, developing and operating the web portal
2 CVs FZCO	38.00%	40.00%	UAE	Owning, developing and operating the web portal

List of associates of National Bonds Corporation PJSC

Souk Extra	13.07%	13.07%	UAE	Community shopping centres
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List of associates of Dubal Holding LLC

Dubai Carbon Centre of Excellence PJSC (DCCE)	25.00%	-	UAE	Consultancy on renewable energy, carbon control system and carbon credit rating
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JOINT VENTURES:

List of Joint Venture of ICD

Dubai Cable Company (Private) Limited	50.00%	50.00%	UAE	Manufacture and sales of power cables, control cables, building wires and lead cables.
ICD Brookfield Holdings Bermuda Limited	50.00%	50.00%	Bermuda	Property development and management

List of Joint Ventures of Emirates NBD PJSC

Network International LLC	51.00%	51.00%	UAE	Card processing services
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Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2014

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES (continued)

List of joint ventures of Dubai Aluminium (see note 23)

	<i>Ownership interest 2014</i>	<i>Ownership interest 2013</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Emirates Aluminium Company Limited	-	50.00%	UAE	Aluminium smelters
DM GAV Limited (Formerly Emirates Aluminium International)	-	50.00%	Cayman Island	Investment Company
Hydromine Global Minerals GmbH Limited (“Hydromine”)	-	45.00%	Cameroon	Bauxite mine and alumina refinery
Guinea Alumina Corporation, BVI (“GAC BVI”)	-	58.30%	British Virgin Island	Mining

List of joint ventures of Emirates National Oil Co. Limited (ENOC) LLC

EPPCO International Limited (“EIL”)	50.00%	50.00%	Bahamas	Petroleum terminal
Horizon Taeyoung Korea Terminals Ltd.	50.00%	50.00%	South Korea	Chemical terminal
EPPCO Projects LLC	51.00%	51.00%	UAE	Aviation and lubricants marketing

List of joint ventures of Dnata/Dnata World Travel

Dnata-PWC Airport Logistics LLC (formerly PAL PAN Airport Logistics LLC)	50.00%	50.00%	UAE	Logistics services
Transguard Group LLC *	100.00%	100.00%	UAE	Security services
Toll Dnata Airport Services Pty Ltd	50.00%	50.00%	Australia	Aircraft handling services
Dunya Travel LLC	50.00%	50.00%	UAE	Travel agency
SDV UAE LLC *	25.50%	25.50%	UAE	Logistics services
Najm Travel LLC	50.00%	50.00%	Afghanistan	Travel agency
Al Tawfeeq Travels (Dnata Travels) LLC	50.00%	50.00%	Qatar	Travel agency

Investment Corporation of Dubai and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES (continued):

List of joint ventures of Dnata/Dnata World Travel (continued)

	Ownership interest 2014	Ownership interest 2013	Country of incorporation	Principal activities
Dnata Travel Limited *	70.00%	70.00%	KSA	Travel agency
Dnata Newrest (Pty) Ltd	50.00%	33.30%	South Africa	In-flight catering service
Travel Counsellors LLC *	51.00%	51.00%	UAE	Travel Services
Alpha LSG Ltd	50.00%	50.00%	UK	In-flight catering services
India Premier Services Ltd	50.00%	50.00%	India	Passenger meet and greet services
Transecure LLC *	50.00%	50.00%	UAE	Security services
Super Bus Tourism LLC *	75.00%	-	UAE	Travel agency

* These are subject to joint control

List of joint ventures of Emirates

Emirates-CAE Flight Training LLC	50.00%	50.00%	UAE	Flight simulator training
Premier Inn Hotels LLC	51.00%	51.00%	UAE	Hotel operations
CAE Flight Training (India) Private Ltd	50.00%	50.00%	India	Flight simulator training
CAE Middle East Holdings Limited	50.00%	50.00%	UAE	Holding company

List of joint ventures of Dubai World Trade Centre (L.L.C.)

DV Global Link L.L.C (“DV Global”)	51.00%	-		Event management
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List of joint ventures of Dubal Holding LLC (see note 23)

Emirates Global Aluminium PJSC (EGA)	50.00%	-	UAE	Aluminium smelters
Sinoway Carbon Co. Ltd	20.00%	-	China	Calcined petroleum coke manufacturing facility

41 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

In a number of cases, the Group owns more than 50% ownership interest in entities and have classified them as associate / joint ventures, as management believes that the Group does not control these entities. The Group has joint control on these entities with other owners and unanimous owner consent is required for strategic financial and operating decisions by these entities.

- 41.1 Although the Group holds less than 20% of the equity shares of Nasdaq OMX Group Inc, the Group exercises significant influence through having a direct representation on the Board of Directors and accordingly, adopts the equity method of accounting for this investment from acquisition date.

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