National Corporation for Tourism and Hotels

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2013

National Corporation for Tourism and Hotels

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National Corporation for Tourism and Hotels

FINANCIAL STATEMENTS

31 DECEMBER 2013

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Report on the Financial Statements

We have audited the accompanying financial statements of National Corporation for Tourism and Hotels ("the Corporation") which comprise the statement of financial position as at 31 December 2013, and the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of the Corporation and the UAE Commercial Companies law of 1984 (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate 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 financial statements.

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

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of the Corporation; proper books of account have been kept by the Corporation; an inventory was duly carried out and the contents of the report of the Chairman of the Board of Directors relating to these financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Corporation have occurred during the year which would have had a material effect on the business of the Corporation or on its financial position.

Ernst & Young

Signed by:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

24 February 2014
Abu Dhabi

INCOME STATEMENT
Year ended 31 December 2013

	Notes	2013 AED	2012 AED (Restated)
Operating revenues	7	**716,614,717**	556,787,855
Cost of services	7	**(535,692,884)**	(396,991,426)
Depreciation	7, 8	**(52,689,096)**	(50,140,808)
GROSS PROFIT		**128,232,737**	109,655,621
General and administrative expenses	4	**(17,075,285)**	(19,462,364)
Depreciation	7, 8	**(1,973,298)**	(1,097,635)
Share of profit from associates and joint venture	10	**7,100,672**	6,271,949
Investment and other income, net	3	**17,453,679**	14,428,362
Finance income		**1,826,647**	7,637,557
Finance costs		**(13,958,351)**	(17,375,370)
Changes in fair value of derivative financial instruments		**1,667,353**	(533,156)
PROFIT FOR THE YEAR	5, 7	**123,274,154**	99,524,964
Basic and diluted earnings per share	6	**0.51**	0.49

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	Note	***2013 AED***	*2012 AED (Restated)*
Profit for the year		**123,274,154**	99,524,964
Directors' remuneration paid	18	**(9,604,444)**	(10,850,730)
Net other comprehensive income (expense) not to be reclassified to profit or loss in subsequent periods		**(9,604,444)**	(10,850,730)
Changes in fair value of available for sale investments		**39,482,381**	8,497,822
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**39,482,381**	8,497,822
Total comprehensive income for the year		**153,152,091**	97,172,056

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	*31 December 2013 AED*	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	8	**745,833,711**	747,501,420	756,737,131
Available-for-sale investments	9	**76,845,658**	37,363,277	29,841,455
Investment in associates and joint venture	10	**85,897,513**	80,796,841	74,524,892
Accounts receivable and prepayments	12	-	-	10,675,068
Loan to a related party		-	-	50,000,000
Total non-current assets		**908,576,882**	865,661,538	921,778,546
Current assets				
Inventories	11	**13,885,341**	12,730,864	9,016,854
Accounts receivable and prepayments	12	**182,564,191**	160,344,499	143,367,009
Investments carried at fair value through income statement		-	-	9,188,118
Cash and short term deposits	13	**137,159,317**	156,942,789	119,667,756
Total current assets		**333,608,849**	330,018,152	281,239,737
TOTAL ASSETS		**1,242,185,731**	1,195,679,690	1,203,018,283
EQUITY AND LIABILITIES				
Equity				
Share capital	14	**240,000,000**	200,000,000	165,000,000
Statutory reserve	15	**88,130,647**	75,803,232	65,850,736
General reserve	15	**75,000,000**	75,000,000	75,000,000
Retained earnings		**240,772,327**	279,430,032	318,208,294
Cumulative changes in fair values of available for sale investments		**48,473,147**	8,990,766	492,944
Total equity		**692,376,121**	639,224,030	624,551,974
Non-current liabilities				
Term loans	19	**247,547,830**	300,708,972	342,826,903
Derivative financial instruments	16	**472,259**	1,934,564	1,664,217
Employees' end of service benefits	20	**22,741,414**	18,290,061	16,293,968
Total non-current liabilities		**270,761,503**	320,933,597	360,785,088
Current liabilities				
Derivative financial instruments	16	**2,092,107**	2,297,155	2,034,346
Term loans	19	**116,061,000**	89,041,475	96,340,161
Accounts payable and accruals	21	**156,181,326**	144,183,433	119,306,714
Bank overdraft	13	**4,713,674**	-	-
Total current liabilities		**279,048,107**	235,522,063	217,681,221
Total liabilities		**549,809,610**	556,455,660	578,466,309
TOTAL EQUITY AND LIABILITIES		**1,242,185,731**	1,195,679,690	1,203,018,283

CHAIRMAN   CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2013

	Share capital AED	*Statutory reserve AED*	*General reserve AED*	*Cumulative changes in fair value of investments AED*	*Retained earnings AED*	*Total AED*
Balance at 1 January 2012	165,000,000	65,850,736	75,000,000	492,944	281,989,936	588,333,616
Change in accounting treatment for investment in associates and joint venture (note 27)	-	-	-	-	36,218,358	36,218,358
Balance at 1 January 2012 (restated)	165,000,000	65,850,736	75,000,000	492,944	318,208,294	624,551,974
Profit for the year (restated)	-	-	-	-	99,524,964	99,524,964
Other comprehensive income (loss) for the year	-	-	-	8,497,822	(10,850,730)	(2,352,908)
Total comprehensive income for the year	-	-	-	8,497,822	88,674,234	97,172,056
Dividends paid (note 17)	-	-	-	-	(82,500,000)	(82,500,000)
Bonus shares issued (note 14)	35,000,000	-	-	-	(35,000,000)	-
Transfer to statutory reserve	-	9,952,496	-	-	(9,952,496)	-
Balance at 31 December 2012 (restated)	200,000,000	75,803,232	75,000,000	8,990,766	279,430,032	639,224,030
Balance at 1 January 2013	200,000,000	75,455,180	75,000,000	8,990,766	240,079,203	599,525,149
Change in accounting treatment for investment in associates and joint venture (note 27)	-	-	-	-	39,698,881	39,698,881
Change in transfer to statutory reserve	-	348,052	-	-	(348,052)	-
Balance at 1 January 2013 (restated)	200,000,000	75,803,232	75,000,000	8,990,766	279,430,032	639,224,030
Profit for the period	-	-	-	-	123,274,154	123,274,154
Other comprehensive income (loss) for the year	-	-	-	39,482,381	(9,604,444)	29,877,937
Total comprehensive income for the year	-	-	-	39,482,381	113,669,710	153,152,091
Dividends paid (note 17)	-	-	-	-	(100,000,000)	(100,000,000)
Bonus shares issued (note 14)	40,000,000	-	-	-	(40,000,000)	-
Transfer to statutory reserve	-	12,327,415	-	-	(12,327,415)	-
Balance at 31 December 2013	**240,000,000**	**88,130,647**	**75,000,000**	**48,473,147**	**240,772,327**	**692,376,121**

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	Notes	*2013* *AED*	*2012* *AED* *(Restated)*
OPERATING ACTIVITIES			
Profit for the year		**123,274,154**	99,524,964
Adjustments for:			
Depreciation of property, plant and equipment	8	**54,662,394**	51,238,443
Provision for employees' end of service benefits	20	**7,943,221**	5,595,667
Provision for impairment of accounts receivables	12	**2,410,974**	2,097,892
Reversal of provision of impairment of accounts receivable	12	**(1,146,313)**	(286,284)
Finance income		**(1,826,647)**	(7,637,557)
Finance cost		**13,958,351**	17,375,370
Dividend income	3	**(2,749,678)**	(1,913,301)
Gain on investments carried at fair value through income statement	3	**-**	(1,195,349)
Changes in fair value of derivative financial instrument		**(1,667,353)**	533,156
Share of profit from associates and joint venture	10	**(7,100,672)**	(6,271,949)
Gain on sale of property, plant and equipment		**(655,149)**	(2,482,930)
Gain on sale of available for sale investments	3	**-**	(607,094)
		187,103,282	155,971,028
Working capital changes:			
Inventories		**(1,154,477)**	(3,714,010)
Accounts receivable and prepayments		**(23,484,353)**	41,885,970
Accounts payable and accruals		**8,773,378**	21,988,700
Net cash from operations		**171,237,830**	216,131,688
Employees' end of service benefits paid	20	**(3,491,868)**	(3,599,574)
Directors' remuneration paid	18	**(9,604,444)**	(10,850,730)
Interest paid		**(13,958,351)**	(17,375,370)
Net cash from operating activities		**144,183,167**	184,306,014
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**764,462**	2,582,016
Proceeds from sale of available for sale investments		**-**	1,583,094
Proceeds from sale of investments carried at fair value through income statement		**-**	10,383,467
Additions to property, plant and equipment	8	**(53,103,998)**	(42,101,818)
Interest received		**1,826,647**	7,637,557
Dividends received		**4,749,678**	1,913,301
Net cash used in investing activities		**(45,763,211)**	(18,002,383)
FINANCING ACTIVITIES			
Increase in long term deposits		**49,415,205**	(66,000,000)
Dividends paid	17	**(96,775,485)**	(79,611,981)
Receipt of term loans		**18,358,383**	-
Repayment of term loans		**(44,500,000)**	(49,416,617)
Net cash used in financing activities		**(73,501,897)**	(195,028,598)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**24,918,059**	(28,724,967)
Cash and cash equivalents at 1 January	13	**90,942,789**	119,667,756
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**115,860,848**	90,942,789

The attached notes 1 to 27 form part of these financial statements.

1 CORPORATE INFORMATION

National Corporation for Tourism and Hotels (the "Corporation"), a public shareholding company, was incorporated in Abu Dhabi, United Arab Emirates ("UAE") on 11 December 1996 by Law No. (7) of 1978, to own, manage and invest in hotels and leisure complexes and to undertake other related business. The Corporation's shares are listed on Abu Dhabi Securities Exchange.

The Corporation owns four hotels within the UAE: (a) Abu Dhabi InterContinental Hotel, which is managed by an international hotel operating company; and (b) Danat Al Ain resort, Al Dhafra Beach Hotel and Danat Resort – Jebel Dhanna directly operated by the Corporation. In addition, the Corporation provides catering services and has investments (other than available-for-sale or fair value through profit or loss) in the following entities:

Name	*Country of operation*	*Principal activity*	*Interest*
National Transportation Company L.L.C (the "Joint venture")	United Arab Emirates	Transport Services	50%
Pearl Azure Hotel Management L.L.C	United Arab Emirates	Hotel Management	10%
Pearl Azure Properties L.L.C (collectively with Pearl Azure Hotel Management LLC, the "associates")	United Arab Emirates	Hotel Management	10%

The Corporation's registered address is P O Box 6942, Abu Dhabi, UAE.

The Corporation also manages three hotels and rest houses located in the Emirate of Abu Dhabi.

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2014.

2.1 BASIS OF PREPARATION

The financial statements of the Corporation have been prepared on the historical cost basis, except for financial assets carried at fair value through profit or loss, available for sale investments and derivatives that have been measured at fair value.

The financial statements provide comparative information in respect of the previous period. In addition, the Corporation presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2012 is presented in these financial statements due to retrospective application of certain accounting policies, refer Note 27.

The financial statements are presented in UAE Dirhams ("AED"), which is the functional currency of the Corporation and all values are rounded to the nearest dirham (AED) except when otherwise indicated.

Statement of compliance
The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of the UAE Commercial Companies Law of 1984 (as amended).

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective 1 January 2013:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, directors' allowances). The amendment affected the presentation only.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment has no impact on the Corporation's financial position or performance.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard has no impact on the Corporation's financial position or performance.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Corporation's financial position or performance.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The revised standard has no impact on the Corporation's financial position or performance.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Due to adoption of IFRS 11, Corporation changed the accounting policy for the recognition of its investment in joint controlled entities to equity method. Refer note 27 for the impact of this change in accounting policy.

2.2 CHANGES IN ACCOUNTING POLICIES continued

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. There is no impact on the Corporation's financial position or performance.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. There is no impact on the Corporation's financial position or performance.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

- Operating revenue represents the sale of hotel rooms, food and beverage, catering and other services, invoiced to customers during the year and is stated net of allowances and rebates.

- Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

- Dividend income from investments is recognised when the shareholders' rights to receive payment is established.

The Corporation assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Corporation has concluded that it is acting as a principal in all of its revenue arrangements.

Interest in a joint venture
The Corporation has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Corporation recognises its interest in the joint venture using equity method. Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Corporation's share of net assets of the joint venture. Losses in excess of the cost of the investment in a joint venture are recognised when the Corporation has incurred obligations on its behalf.

The Corporation's share of the result of operations of joint venture is included in the income statement. Unrealized profits and losses from transactions between the Corporation and a joint venture are eliminated to the extent of the Corporation's interest in the joint venture.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognised on the trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

The Corporation's financial assets include cash and short-term deposits, trade and other receivables, available for sale investments and investments carried at fair value through income statement.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in investment and other income, net in the income statement.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories. After initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognized in investment and other income, or determined to be impaired, at which time the cumulative loss is recognized in the income statement in investment and other income, net and removed from the available for sale reserve.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets continued
Derecognition continued
When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Corporation's continuing involvement in the asset.

In that case, the Corporation 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 Corporation 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 Corporation could be required to repay.

Impairment of financial assets
The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, 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 income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in the statement of other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Trade receivables
For receivables carried at amortised cost, the Corporation first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of financial assets continued
Trade receivables continued
Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Corporation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Corporation's financial liabilities include trade and other payables, bank overdraft, term loans, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments 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 financial instruments where there is no active market, fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Derivative financial instruments and hedge accounting
The Corporation enters into derivative instruments to economically hedge against interest rate fluctuations. Derivatives are stated at fair value. Such 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 financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivatives using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised immediately in the income statement or capitalised with other borrowing costs. Where the adjustment relates to a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement or capitalised with other borrowing costs on a systematic basis such that it is fully amortised by maturity. The capitalisation of gains or losses ceases when substantially all the activities necessary to prepare each part of the plant for its intended use are complete and commissioned.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that it determined to be an effective hedge is recognised initially in equity and the ineffective portion is recognised in the income statement. The gains or losses on effective cash flow hedges recognised initially in equity are either transferred to the income statement in the period in which the hedged transaction impacts the income statement or capitalised with other borrowing costs. The capitalisation of gains or losses ceases when substantially all the activities necessary to prepare each part of the plant for its intended use are complete and commissioned.

Amortised cost of financial instruments
Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Assets under construction are stated at cost and are not depreciated. When commissioned, assets under construction are transferred to the appropriate property, plant and equipment asset category and depreciated in accordance with the Corporation's policies.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Buildings	10 – 30 years
Mechanical, electrical and plumbing	7 – 10 years
Furniture, fixtures and operating equipment	5 – 7 years
Motor vehicles	4 – 5 years

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment continued
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the income statement when the asset is derecognized.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories
Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis. Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Trade receivables
Trade receivables are stated at original invoice amount net of provisions for amounts estimated to be impaired. A provision for doubtful debts is made when collection of the full amount is no longer possible. Bad debts are written off when there is no possibility of recovery.

Cash and short term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term-deposits with an original maturity of three month or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits as defined above, net of outstanding bank overdrafts.

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

Provisions
Provisions are recognised when the Corporation has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits
The Corporation provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its national employees, the Corporation makes contributions to a government scheme calculated as a percentage of the employees' salaries. The Corporation's obligations are limited to these contributions, which are expensed when due.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Operating leases
Leases in which the Corporation does not transfer substantially all the risks and benefits of ownership of an 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.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the income statement.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements
The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Corporation's accounting policies, management has made the following judgements, which have the most significant effect in the amounts recognised in the statement of financial position:

Classification of financial investments
On acquisition of an investment, management decides whether it should be classified as carried at fair value through income statement or available for sale.

Classification of investments as fair value through income statement depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as fair value through income statement.

All other investments are classified as available for sale.

Estimates and assumptions
The 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 are discussed below:

Impairment of trade receivables
An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade receivables were AED 153,670,867 (2012: AED 124,122,884) and the provision for doubtful debts was AED 18,263,362 (2012: AED 16,998,701). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the statement of income.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Estimates and assumptions continued

Impairment of available for sale financial assets

The Corporation classifies certain assets as available for sale and recognises movements in their fair value in the statement of other comprehensive income. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognised in profit or loss. At 31 December 2013 impairment losses of AED nil (2012: AED nil) have been recognised for available for sale investments and the carrying amount of available for sale investments was AED 76,845,658 (2012: AED 37,363,277).

Fair valuation of unquoted equity investments

Fair valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that has similar terms and risk characteristics;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. Investments for which fair value cannot be reliably determined are measured at cost.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Impairment of property, plant and equipment

Impairment testing requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Corporation to make an estimate of the expected future cash flows, terminal value of the assets, cost to complete the construction of the assets and choose a suitable discount rate in order to calculate the present value of the cash flows.

Useful lives of property, plant and equipment

The Corporation determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected product lifecycles. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards / amendments to standards which were issued up to 31 December 2013 and are not yet effective for the year ended 31 December 2013 have not been applied while preparing these financial statements:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – 1 January 2014
- IAS 32 Offsetting Financial Assets and Financial Liabilities – 1 January 2014
- IFRIC Interpretation 21 Levies (IFRIC 21) – 1 January 2014
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 – 1 January 2014

Management anticipates that these amendments will be adopted in the Corporation's financial statements for the period when they become effective. Management does not expect that the above amendments will have a significant impact on the Corporation's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

3 INVESTMENT AND OTHER INCOME, NET

	2013 *AED*	*2012* *AED*
Gain on investments carried at fair value through income statement	-	1,195,349
Gain on sale of available for sale investments	-	607,094
Dividend income from investments	**2,749,678**	1,913,301
Management Fees	**11,099,948**	8,906,906
Other income	**3,604,053**	1,805,712
	17,453,679	14,428,362

4 GENERAL AND ADMINISTRATIVE EXPENSES

	2013 *AED*	*2012* *AED* *(Restated)*
Payroll and employee related costs	**13,694,491**	15,172,251
Other operating expenses	**3,380,794**	4,290,113
	17,075,285	19,462,364

5 PROFIT FOR THE YEAR

Profit for the year is stated at after charging:

	2013 *AED*	*2012* *AED*
Staff costs	**220,880,780**	157,701,404
Depreciation of property, plant and equipment (note 8)	**54,662,394**	51,238,443

6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

	2013	*2012 (Restated)*
Profit for the year (AED)	**123,274,154**	99,524,964
Weighted average number of ordinary shares outstanding during the year	**240,000,000**	200,000,000
Basic and diluted earnings per share (AED)	**0.51**	0.49

As of 31 December 2013 and 31 December 2012, the Corporation has not issued any instrument which would have a dilutive impact on earnings per share when converted or exercised.

7 OPERATING SEGMENTS

The primary segment reporting format is determined to be operating segments as the Corporation's risks and rates of return are affected predominantly by differences in the products and services produced. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit that offers different products and serves different markets.

Operating segments
For management purposes, the Corporation is currently organised into four major operating segments. These segments are the basis on which the corporation reports its primary segmental information. These are:

- Hotels - Providing room and food and beverages services to customers.
- Retail Services - Providing beverage sales services to customers;
- Catering Services - Providing catering services on a contract basis; and
- Holding - Responsible for managing investments held by the Corporation, development of hotels and general coordination of Corporation activities.

Segment performance is measured based on profit or loss.

7 OPERATING SEGMENTS continued

Operating segments continued
Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance management. Segment performance is measured based on profit or loss. The Corporation has only one geographical segment – United Arab Emirates.

The following table presents revenue and profit information regarding the Corporation's operating segments for the year ended 31 December 2013 and 31 December 2012, respectively.

	Hotels AED	*Retail Services AED*	*Catering Services AED*	*Holding AED*	*Total AED*
Year ended 31 December 2013					
Operating revenues	**298,276,312**	**63,678,092**	**354,660,313**	-	**716,614,717**
Cost of services	**(160,831,187)**	**(44,572,778)**	**(330,288,919)**	-	**(535,692,884)**
Depreciation	**(43,981,461)**	**(378,104)**	**(8,329,531)**	-	**(52,689,096)**
Results	**93,463,664**	**18,727,210**	**16,041,863**	-	**128,232,737**
General and administrative expenses	-	-	-	**(17,075,285)**	**(17,075,285)**
Depreciation	-	-	-	**(1,973,298)**	**(1,973,298)**
Share in profit of associates and joint venture	-	-	-	**7,100,672**	**7,100,672**
Investment and other income, net	-	-	-	**17,453,679**	**17,453,679**
Finance income	-	-	-	**1,826,647**	**1,826,647**
Finance costs	-	-	-	**(13,958,351)**	**(13,958,351)**
Gain on fair value of derivative financial instruments	-	-	-	**1,667,353**	**1,667,353**
Profit for the year	**93,463,664**	**18,727,210**	**16,041,863**	**(4,958,583)**	**123,274,154**
At 31 December 2013					
Segment assets	392,419,426	16,521,910	158,022,471	512,478,753	1,079,442,560
Available-for-sale investments	-	-	-	76,845,658	76,845,658
Investment in associates and joint venture	-	-	-	85,897,513	85,897,513
Total assets	**392,419,426**	**16,521,910**	**158,022,471**	**675,221,924**	**1,242,185,731**
Operating liabilities	**42,159,378**	**9,700,676**	**91,122,151**	**136,065,902**	**279,048,107**
Capital expenditures	**16,553,304**	**1,032,187**	**15,020,127**	**20,498,380**	**53,103,998**
Year ended 31 December 2012 *(Restated)*					
Operating revenues	279,956,262	30,425,211	246,406,382	-	556,787,855
Cost of services	(149,975,612)	(24,933,682)	(222,082,132)	-	(396,991,426)
Depreciation	(43,532,632)	(285,701)	(6,322,475)	-	(50,140,808)
Results	86,448,018	5,205,828	18,001,775	-	109,655,621
General and administrative expenses	-	-	-	(19,462,364)	(19,462,364)
Depreciation	-	-	-	(1,097,635)	(1,097,635)
Share in profit of associates and joint venture	-	-	-	6,271,949	6,271,949
Investment and other income, net	-	-	-	14,428,362	14,428,362
Finance income	-	-	-	7,637,557	7,637,557
Finance costs	-	-	-	(17,375,370)	(17,375,370)
Loss on fair value of derivatives financial instruments	-	-	-	(533,156)	(533,156)
Profit for the year	86,448,018	5,205,828	18,001,775	(10,130,657)	99,524,964
At 31 December 2012 *(Restated)*					
Segment assets	409,647,280	12,512,527	134,930,011	520,429,754	1,077,519,572
Available-for-sale investments	-	-	-	37,363,277	37,363,277
Investment in associates and joint venture	-	-	-	80,796,841	80,796,841
Total assets	409,647,280	12,512,527	134,930,011	638,589,872	1,195,679,690
Operating liabilities	39,886,622	7,255,259	77,641,651	110,738,531	235,522,063
Capital expenditures	18,874,647	1,065,315	7,707,163	14,454,693	42,101,818

All the income and expenses relating to operations of the Corporation is generated in UAE and denominated in UAE Dirham.

8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at year end consist of the following:

	Land and buildings AED	*Mechanical, electrical and plumbing AED*	*Furniture, fixtures and operating equipment AED*	*Motor vehicles AED*	*Construction in progress AED*	*Total AED*
2013						
Cost:						
At 1 January 2013	770,986,728	111,096,689	216,169,825	16,336,718	140,408,370	1,254,998,330
Additions	546,400	-	13,861,363	2,948,400	35,747,835	53,103,998
Disposals	-	(1,266,900)	(582,090)	(1,191,000)	-	(3,039,990)
Transfers	16,465,776	7,535,143	-	-	(24,000,919)	-
At 31 December 2013	**787,998,904**	**117,364,932**	**229,449,098**	**18,094,118**	**152,155,286**	**1,305,062,338**
Depreciation:						
At 1 January 2013	270,931,562	66,639,547	161,423,309	8,502,492	-	507,496,910
Charge for the year	23,125,044	10,314,662	18,363,151	2,859,537	-	54,662,394
Disposals	-	(1,266,900)	(582,089)	(1,081,688)	-	(2,930,677)
At 31 December 2013	**294,056,606**	**75,687,309**	**179,204,371**	**10,280,341**	-	**559,228,627**
Net book value:						
At 31 December 2013	**493,942,298**	**41,677,623**	**50,244,727**	**7,813,777**	**152,155,286**	**745,833,711**
2012						
Cost:						
At 1 January 2012	770,348,865	111,745,602	194,929,730	29,070,202	126,474,686	1,232,569,085
Effect of restatement (Note 27)	(53,041)	(1,153,009)	(300,371)	(16,409,711)	-	(17,916,132)
At 1 January 2012 (*Restated*)	770,295,824	110,592,593	194,629,359	12,660,491	126,474,686	1,214,652,953
Additions	-	-	9,456,103	5,332,423	27,313,292	42,101,818
Disposals	-	-	(100,245)	(1,656,196)	-	(1,756,441)
Transfers	690,904	504,096	12,184,608	-	(13,379,608)	-
At 31 December 2012	770,986,728	111,096,689	216,169,825	16,336,718	140,408,370	1,254,998,330
Depreciation:						
At 1 January 2012	248,529,376	56,915,614	145,600,025	15,939,325	-	466,984,340
Effect of restatement (Note 27)	(42,277)	(900,667)	(275,988)	(7,849,586)	-	(9,068,518)
At 1 January 2012 (*Restated*)	248,487,099	56,014,947	145,324,037	8,089,739	-	457,915,822
Charge for the year	22,444,463	10,624,600	16,199,518	1,969,862	-	51,238,443
Disposals	-	-	(100,246)	(1,557,109)	-	(1,657,355)
At 31 December 2012	270,931,562	66,639,547	161,423,309	8,502,492	-	507,496,910
Net book value:						
At 31 December 2012	500,055,166	44,457,142	54,746,516	7,834,226	140,408,370	747,501,420

The depreciation charge, net of reversals, has been allocated in the income statement as follows:

	2013 AED	*2012 AED*
Cost of services	**52,689,096**	50,140,808
Depreciation charge	**1,973,298**	1,097,635
	54,662,394	51,238,443

9 AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Investments in quoted securities	**74,095,658**	34,613,277	27,091,455
Investments in unquoted securities - at cost	**2,750,000**	2,750,000	2,750,000
	76,845,658	37,363,277	29,841,455

The investment in unquoted companies represents the Corporation's equity interest of 4.89% (2012: 4.89%) in Saweed Employment L.L.C. The investments are carried at cost, due to an absence of an active market for such investments or any recent transactions that could provide evidence of the current fair value.

All available-for-sale investments are in UAE.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Investment in associates	**76,960,683**	72,698,881	69,161,429
Investment in joint venture	**8,936,830**	8,097,960	5,363,463
	85,897,513	80,796,841	74,524,892

Investment in Associates
The Corporation's interest in associates is accounted for using the equity method. Please refer to Note 27 for the Corporation's assessment of its investment in associates.

Movement in investment in associates is as follows:

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
At 1 January	**72,698,881**	69,161,429	66,648,191
Share of results for the year	**4,261,802**	3,537,452	2,513,238
31 December	**76,960,683**	72,698,881	69,161,429

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE continued

Summarised statement of income of the associates is as follows;

	31 December 2013 AED	*31 December 2012 AED*
Revenue	**356,397,325**	338,552,312
Cost of sales	**(145,683,436)**	(136,012,838)
Administrative expenses	**(151,828,157)**	(148,034,226)
Other Income	**2,470,974**	2,891,279
Finance costs	**(18,738,686)**	(22,022,007)
Profit for the year	**42,618,020**	35,374,520
Corporation's share of results for the year	**4,261,802**	3,537,452

Summarised statement of financial information of the associates is as follows;

	31 December 2013 AED	*31 December 2012 AED*	*31 December 2011 AED*
Property, plant & equipment	**1,449,441,639**	1,475,746,744	1,514,741,870
Due from related parties	**152,573,916**	118,958,669	107,515,233
Inventories	**3,815,387**	3,558,070	3,633,556
Accounts receivables and prepayments	**71,078,402**	53,268,783	51,485,477
Cash & Bank Balances	**23,557,808**	41,382,730	27,702,333
Accounts payable and accruals	**(62,815,970)**	(52,032,746)	(56,343,053)
Employees end of service benefit	**(16,937,276)**	(14,848,734)	(13,146,423)
Due to related parties	**(30,605,409)**	(25,242,623)	(20,648,861)
Term loans	**(820,501,667)**	(873,802,086)	(923,325,846)
Net assets	**769,606,830**	726,988,807	691,614,286
Corporation's share of net assets	**76,960,683**	72,698,881	69,161,429

Investment in Joint Venture

The Corporation's interest in joint venture is accounted for using the equity method in the financial statements. Please refer to Note 27 for the change in accounting policy for the recognition of joint venture and related restatement.

Movement in investment in joint venture is as follows:

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
At 1 January	**8,097,960**	5,363,463	5,005,821
Share of results for the year	**2,838,870**	2,734,497	357,642
Dividend received	**(2,000,000)**	-	-
31 December	**8,936,830**	8,097,960	5,363,463

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE continued

Summarised statement of income of the joint venture is as follows;

	31 December 2013 AED	*31 December 2012 AED*
Revenue	**25,912,064**	28,522,217
Cost of sales	**(20,906,284)**	(23,723,943)
Administrative expenses	**(2,476,900)**	(2,508,429)
Other Income	**4,064,356**	3,865,948
Finance costs	**(915,496)**	(686,799)
Profit for the year	**5,677,740**	5,468,994
Corporation's share of results for the year	**2,838,870**	2,734,497

Summarised statement of financial information of the joint venture is as follows;

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Property, plant & equipment	**24,183,312**	28,028,241	17,695,227
Due from related parties	-	-	2,000,000
Accounts receivables and prepayments	**7,610,160**	9,119,398	8,524,956
Investments carried at fair value	**20,929**	20,929	20,929
Cash & Bank Balances	**6,720,682**	6,354,860	2,116,712
Accounts payable and accruals	**(3,393,727)**	(14,511,614)	(7,039,411)
Employees end of service benefit	**(1,225,025)**	(1,058,020)	(1,168,952)
Bank overdraft	-	-	(926,459)
Term loans	**(16,042,671)**	(11,757,874)	(3,828,878)
Net assets	**17,873,660**	16,195,920	10,726,926
Corporation's share of net assets	**8,936,830**	8,097,960	5,363,463

11 INVENTORIES

	31 December 2013 AED	*31 December 2012 AED*
Food and beverages	**12,174,411**	10,885,630
Engineering and operating supplies	**1,710,930**	1,845,234
	13,885,341	12,730,864

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Trade receivables	**153,670,867**	124,122,884	131,504,408
Less: provision for impaired accounts	**(18,263,362)**	(16,998,701)	(15,187,093)
Net trade receivables	**135,407,505**	107,124,183	116,317,315
Amounts due from related parties	**6,314,710**	13,624,067	11,143,451
Other receivables and prepayments	**40,841,976**	39,596,249	26,581,311
	182,564,191	160,344,499	154,042,077
Non-current portion	**-**	-	10,675,068
	182,564,191	160,344,499	143,367,009

For terms and conditions relating to related party receivables, refer to note 22.

Trade receivables are non-interest bearing and are generally on 30 days terms.

As at 31 December 2013, trade receivables at nominal value of AED 18,263,362 (2012: AED 16,998,701) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2013 AED	*2012 AED (Restated)*
At 1 January	**16,998,701**	15,187,093
Charge for the year	**2,410,974**	2,097,892
Reversed during the year	**(1,146,313)**	(286,284)
At 31 December	**18,263,362**	16,998,701

As at 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired			
	Total AED	*Neither past due nor impaired AED*	*31 – 60 days AED*	*61 – 90 day AED*	*91 – 120 days AED*	*>120 days AED*
2013	**135,407,505**	**56,062,154**	**31,473,745**	**17,200,655**	**8,570,276**	**22,100,675**
2012 *(Restated)*	107,124,183	35,164,563	30,711,682	21,296,825	10,222,187	9,728,926

13 CASH AND SHORT TERM DEPOSITS

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Bank balances and cash	**60,083,681**	47,841,353	41,271,158
Term deposits	**77,075,636**	109,101,436	78,396,598
Cash and short term deposits	**137,159,317**	156,942,789	119,667,756
Less: bank overdraft	**(4,713,674)**	-	-
Less: term deposits with original maturity of more than three months	**(16,584,795)**	(66,000,000)	-
Cash and cash equivalents	**115,860,848**	90,942,789	119,667,756

Term deposits represent deposits held with financial institutions in the UAE, and denominated in UAE dirhams and carry profit at the prevailing market rates ranging from 2.5% to 2.7% per annum (2012: 2.5% to 3%).

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation and earn interest at the respective short-term deposit rates. The fair values of short-term deposits are equal to carrying amount at year end.

Long term deposit relates to a placement with a commercial bank for a period of six months and carries an interest rate of 2.7% to 2.8% per annum.

14 SHARE CAPITAL

	Authorised, Issued and fully paid	
	2013 AED	*2012 AED*
200,000,000 (2012: 165,000,000) ordinary shares of AED 1 each	**200,000,000**	165,000,000
40,000,000 (2012: 35,000,000) bonus shares issued of AED 1 each	**40,000,000**	35,000,000
Ordinary shares of AED 1 each	**240,000,000**	200,000,000

During the year, the Corporation issued 40,000,000 (2012: 35,000,000) bonus shares to its existing shareholders on the basis of 20% of ordinary shares held (2012: 21.21% of ordinary shares held). The bonus shares are ordinary shares and carry the same rights as other ordinary shares. The Board of Directors has proposed, subject to the approval of the shareholders in their forthcoming Annual General Meeting, the issuance of 240,000,000 (2012: 40,000,000) bonus shares to its existing shareholders on the basis of one share for every one ordinary shares held (2012: one for every five ordinary shares held).

15 LEGAL AND STATUTORY RESERVES

Statutory reserve
In line with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984, (as amended) and the Corporation's Articles of Association, the Corporation is required to transfer annually to a statutory reserve account an amount equivalent to 10% of its profit for the year, until such reserve reaches 50% of the share capital of the Corporation, which was not achieved as of 31 December 2013. The statutory reserve is not available for distribution.

General reserve
The general reserve has been established to enhance the capital base of the Corporation. Transfers to the general reserve are made upon recommendation of the Board of Directors.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2013 AED	*31 December 2012 AED*
Financial liability:		
Interest rate swaps	**2,564,366**	4,231,719
Less: non-current portion	**(472,259)**	(1,934,564)
Current portion	**2,092,107**	2,297,155

The interest rate swaps with notional amount of AED 339,166,667 (2012: AED 339,166,667), which does not meet the definition of a designated hedging instrument, has a maturity date of 1 October 2015. In accordance with the terms of the swap agreement the Corporation receives 3 months EBOR against its payments of:

-
- 2.65%, if 3 months EBOR fixes below 1.65%.
- 3 months EBOR, if 3 months EBOR fixes at or above 1.65% and below 8%.
- 8%, if 3 months EBOR fixes at or above 8%.

The positive movement in the fair value of the interest rate swap of AED 1,667,353 (2012: negative movement of AED 533,156) has been charged to the income statement.

17 DIVIDENDS

During the year, dividends amounting to AED 100,000,000 (2012: AED 82,500,000 million) were declared and approved of which AED 96,775,485 (2012: AED 79,611,981) was paid to shareholders.

The Board of Directors has proposed, subject to the approval of the shareholders in their forthcoming Annual General Meeting, the following:

	2013 AED	*2012 AED*
Cash dividends in respect of 2013: AED 0.50 (2012: AED 0.50)	**120,000,000**	100,000,000

18 DIRECTORS' REMUNERATION

The remuneration of the Board of Directors for the year ended 31 December 2013 amounts to AED 12,327,415 (2012: AED 9,604,444), subject to approval by the shareholders in the Annual General Meeting.

19 TERM LOANS

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Term loan 1	**170,250,447**	197,250,447	246,667,064
Term loan 2	**175,000,000**	192,500,000	192,500,000
Term loan 3	**17,868,768**	-	-
Term loan 4	**489,615**	-	-
Total	**363,608,830**	389,750,447	439,167,064
Less: non-current portion	**(247,547,830)**	(300,708,972)	(342,826,903)
Current portion	**116,061,000**	89,041,475	96,340,161

Term loan 1
During 2009, the Corporation obtained a loan from a local bank amounting to AED 370 million to finance its short-term obligations and is repayable in 24 quarterly installments of AED 15.4 million commencing on 1 January 2010. The loan carries interest at the rate of 3.5% over 3-months EBOR. Interest rate is paid on a quarterly basis.

During March 2012, the Corporation rescheduled the loan with the bank for the balance to be repaid over 19 quarterly instalments starting end of March 2012 with 4 payments of AED 8.5 million, 4 payments of AED 9 million, 4 payments of AED 12 million, 4 payments of AED 14.5 million, 2 payments of AED 16.5 million and a final installment on 30 September 2016 with the remaining balance of the loan.

The term loan is secured by the following:
i) Mortgage over the land and building of Abu Dhabi Intercontinental Hotel.
ii) Assignment of insurance in relation to the above property for not less than AED 370 million.
iii) Assignment of revenues from Abu Dhabi Intercontinental Hotel.

Term loan 2
In accordance with article 4 of law no. 7 of 1996, dated 11 December 1996, the Government of Abu Dhabi sold the three hotels namely Abu Dhabi Intercontinental Hotel, Danat Al Ain resort (formerly Al Ain Intercontinental Hotel) and Al Dhafra Beach Hotel to the Corporation for an amount of AED 350 million. The sale amount of AED 350 million has been granted as a long term loan by the Government of Abu Dhabi to the Corporation and is to be repaid over 20 years following a grace period of 5 years commencing from 11 December 1996 being the date of the loan agreement. The loan carries simple interest at 2% per annum to be charged after a grace period of 3 years. As at 31 December 2013, two scheduled payments due in 2013 and 2012 amounting to AED 35 million have not been settled. No loan covenants have been breached.

Term loan 3
During 2013, the Corporation obtained a loan from a local bank amounting to AED 35 million to finance its short-term obligations for a new project and repayable in 15 equal quarterly installments of AED 2.18 million commencing 30 September 2013 and one last installment (16^{th}) covering the residual loan amount plus the remaining accrued interest. Total drawdowns as of 31 December 2013 amounted to AED 17,868,767.Subsequently, the repayment schedule was amended so that the first installment date was extended to 30 June 2014. The loan carries interest at the rate of 4% over 3-months EBOR. Interest is paid on a quarterly basis. The loan facility is secured by the common security mentioned in the Term loan 1 plus the assignment of revenues up to AED 20 million from Danat Resort Hotel, Jabel Dhanna.

19 TERM LOANS continued

Term loan 4
During 2013, the Corporation obtained a loan facility from a local bank amounting to AED 5 million (amendment to a previously agreed loan of AED 220 million). The loan will be utilized to meet the expenses of shoring and piling works of the construction of a new hotel. Total drawdowns as of 31 December 2013 amounted to AED 489,615. Repayment of the loan is due after 36 months from first installment for main civil works contractor payments, the drawdown for civil works is expected to commence prior to end of June 2014. The loan carries interest at the rate of 4% over 3-months EBOR, subject to a minimum interest rate of 6.5% per annum. Interest is paid on a quarterly basis. The loan facility is secured by the common security mentioned in the Term loan 1 and Term loan 3.

20 EMPLOYEES' END OF SERVICE BENEFITS

The Corporation provides for end of service benefits in accordance with the employees' contracts of employment.

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
The movement on the provision is as follows:			
Balance at January 01, 2013	**18,290,061**	16,293,968	14,519,378
Provision for the year	**7,943,221**	5,595,667	5,133,442
Payments	**(3,491,868)**	(3,599,574)	(3,358,852)
Balance at December 31, 2013	**22,741,414**	18,290,061	16,293,968

21 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2013 AED	*31 December 2012 AED (Restated)*	*31 December 2011 AED (Restated)*
Trade and other payables	**100,109,502**	93,523,655	60,518,696
Accrued liabilities	**46,557,920**	41,834,954	46,828,547
Projects related accruals	**-**	-	3,159,282
Retentions payable	**3,744,224**	2,570,207	1,598,661
Advances from customers	**5,769,680**	6,254,617	7,201,528
	156,181,326	144,183,433	119,306,714

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

22 RELATED PARTY TRANSACTIONS

Related parties represent the Joint Venture, the Associate, managed hotels, major shareholders, directors and key management personnel of the Corporation, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Corporation's management.

Terms and conditions of transactions with related parties
The sales to and services from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2012: nil).This assessment is undertaken each financial year through examining the financial position of the related party and the market in which related party operates.

Balances with these related parties generally arise from commercial transactions in the normal course of business on an arm's length basis. Balances with related parties at the statement of financial position date comprised:

	2013 ***AED***	*2012* *AED*
Entities jointly controlled by Corporation:		
Amount due from related parties *(note 12)*	-	737,648
Entities significantly influenced by Corporation:		
Amount due from related parties *(note 12)*	**6,314,710**	7,463,146
Key management personnel		
Amount due from related parties *(note 12)*	-	5,423,273
	6,314,710	13,624,067

Significant transactions with related parties are as follows:

Associate		
Interest income	-	6,053,117
Other related parties		
Administration fee charged by a related party	**6,000,000**	6,000,000
Asset management fee income	**3,909,274**	3,772,836
Rental income	**288,000**	318,000

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows:

Short-term benefits	**10,024,677**	9,299,497
Employees' end of service benefits	**215,049**	193,200
	10,239,726	9,492,697

23 CONTINGENCIES AND COMMITMENTS

I- Contingencies
Bank guarantees

At 31 December 2013, the Corporation had outstanding contingent liabilities in respect of letters of guarantee of AED 87.2 million (31 December 2012: AED 76.5 million).

Legal case
The Corporation is a defendant in legal proceedings which arose in the normal course of business. The Corporation does not expect that the outcome of such proceedings will have a material effect on the Corporation's operations, cash flows or financial position.

II- Commitments
Capital commitments

At 31 December 2013, the Corporation had estimated commitments for the Lebanese Restaurant, Beach Club at Abu Dhabi Intercontinental Hotel and All day Dining project at Danat Al Ain Hotel of AED 10,525,949 (2012: AED 18,945,937).

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Objectives and policies
The Corporation's principal financial liabilities comprise term loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Corporation's operations. The Corporation has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Corporation's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation entered into interest rate swap arrangements with banks for a notional amount that matches the outstanding term loan 1 (note 19).

The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's long term debt obligations with floating interest rates.

To manage this, the Corporation enters into interest rate swaps, in which the Corporation agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Credit risk
The Corporation trades only with recognised and creditworthy third parties. It is the Corporation's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Corporation's exposure to credit risk is not significant. The maximum exposure is the carrying amount. There are no significant concentrations of credit risk within the Corporation.

With respect to credit risk arising from other financial assets of the Corporation, which comprise cash and cash equivalents, available for sale financial investments and investments carried at fair value through income statement, the Corporation's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk

The Corporation monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Corporation's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	On demand AED	*Less than 6 months AED*	*6 to 12 months AED*	*1 to 5 years AED*	*>5 years AED*	*Total AED*
At 31 December 2013						
Term loans	**61,950,000**	**38,756,072**	**51,789,932**	**224,224,549**	**17,850,000**	**394,570,553**
Derivative financial liability	-	**1,507,877**	**584,230**	**472,259**	-	**2,564,366**
Bank overdraft	**4,713,674**	-	-	-	-	**4,713,674**
Trade and other payables	-	**100,983,579**	**252,176**	**2,617,971**	-	**103,853,726**
Total	**66,663,674**	**141,247,528**	**52,626,338**	**227,314,779**	**17,850,000**	**505,702,319**
At 31 December 2012						
Term loans	42,350,000	19,306,250	39,956,250	243,616,884	73,500,000	418,729,384
Derivative financial liability	-	1,214,466	1,082,689	1,934,564	-	4,231,719
Trade and other payables	8,151,713	91,891,068	-	-	-	100,042,781
Total	50,501,713	112,411,784	41,038,939	245,551,448	73,500,000	523,003,884

Equity price risk

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Market index	*Change in variables*	***31 December 2013 Impact on equity AED***	*31 December 2012 Impact on equity AED*
Abu Dhabi Securities Market Index	5%	**3,689,663**	1,723,271
Dubai Financial Market Index	5%	**15,120**	7,392

Capital management

The primary objective of the Corporation's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Corporation manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Corporation may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end 31 December 2013 and 31 December 2012.

Capital comprises of share capital, statutory reserve, general reserve, retained earnings ,and cumulative changes in fair values of available of sale investments measured at AED 692.4 million (2012: AED 639.2 million).

25 FINANCIAL INSTRUMENTS

Fair values
The fair values of the financial assets and liabilities of the Corporation are not materially different from their carrying values at the reporting date except for Term Loan 2 which carries a fixed interest rate. Set out below is a comparison of carrying amount and fair value of the Term Loan 2:

	Carrying amount		*Fair value*	
	2013	*2012*	***2013***	*2012*
	AED	*AED*	***AED***	*AED*
Term loan	**175,000,000**	192,500,000	**166,434,996**	178,208,122

Fair value hierarchy
The Corporation 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 following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the year ended 31 December 2013:

	Date of valuation	*Level 1* *AED*	*Level 2* *AED*	*Level 3* *AED*
Available for sale investments				
Equity shares	**31 December 2013**	**74,095,658**	-	-
Derivative financial instruments				
Interest rate swaps	**31 December 2013**	-	**2,564,366**	-
Term loan				
Term loan 2	**31 December 2013**	-	**166,434,996**	-

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the year ended 31 December 2012:

	Date of valuation	*Level 1* *AED*	*Level 2* *AED*	*Level 3* *AED*
Available for sale investments				
Equity shares	31 December 2012	34,613,277	-	-
Derivative financial instruments				
Interest rate swaps	31 December 2012	-	4,231,719	-
Term loan				
Term loan 2	31 December 2012	-	178,208,122	-

During the year, there were no transfers between or into Level 1, Level 2 and Level 3 fair value measurements.

25 FINANCIAL INSTRUMENTS continued

Available for sale investment
Investments classified as available for sale are listed equities in local exchanges. Valuations are based on market prices as quoted in the exchanges.

Derivative financial instruments
Derivative financial instruments include interest rate swap valued using valuation techniques with market observable inputs. The valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

Term loan
The Corporation received a fixed rate loan from Government of Abu Dhabi, which carries simple interest at 2% per annum. The fair value of the loan is calculated using present value calculations at market interest rates prevailing at statement of financial position date.

26 COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform with current year presentation. Such reclassifications have no effect on the profit or retained earnings of the Corporation.

27 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE - RESTATEMENTS

The Corporation has a 50% interest and joint control in National Transport Company L.L.C (the "JV"). Under IAS 31 *Investment in Joint Ventures* (prior to the transition to IFRS 11), the Corporation's interest in the JV was classified as a jointly controlled entity and the Corporation's share of assets, liabilities, revenue, income and expenses were proportionately consolidated in the financial statements. Upon adoption of IFRS 11, the Corporation has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect on comparative results of applying IFRS 11 is as follows:

	31 December 2012 AED
Impact on the income statement	
Decrease in operating revenues	(16,183,177)
Decrease in cost of services	10,437,902
Decrease in depreciation	3,010,779
Decrease in gross profit	(2,734,496)
Increase in share of profits from associates and joint venture	2,734,496
Net impact on profit	-

27 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE – RESTATEMENTS continued

	31 December 2012 AED	*31 December 2011 AED*
Impact on the statement of financial position		
Decrease in property, plant and equipment	(14,014,121)	(8,847,614)
Increase in investment in joint venture (non-current)	8,097,960	5,306,534
Decrease in account receivables and prepayments (current)	(4,542,535)	(4,368,880)
Decrease in cash and bank balances	(3,174,562)	(1,084,074)
Decrease in term loans	5,878,938	5,224,100
Decrease in provision for employees' end of service benefits	529,010	584,476
Decrease in account payable and accruals (current)	7,225,310	2,685,458
Decrease in bank overdraft	-	500,000
Net impact on equity	-	-

In addition, during the current year, the Corporation re-assessed its investment in Pearl Azure Hotel Management LLC and Pearl Azure Properties LLC (collectively, the "associates") previously accounted for as available for sale investments and determined that it exerts significant influence over the associates due to its relationships at Board and senior management level. Accordingly these investment are now accounted for using the equity accounting method. The effect of the prior year re-statement due to this error is as follows:

Impact on the income statement

	31 December 2012 AED
Increase in share of profit from associates and joint venture	3,538,443

	31 December 2012 AED	*31 December 2011 AED*
Impact on the statement of financial position		
Increase in investment in associates and joint venture	72,698,881	69,218,358
Decrease in available for sale investments	(33,000,000)	(33,000,000)
Net impact on equity	39,698,881	36,218,358