National Corporation for Tourism and Hotels

Report of the Chairman of the Board of Directors
and financial statements
for the year ended 31 December 2015

To All Esteemed Shareholders

Dear Sirs,

I have the honor on behalf of myself and my colleagues, members of the board of directors to express deep thanks and appreciation to H.H. Sheikh Khalifa Bin Zayed Al Nahyan, president of the United Arab Emiratis - May Allah preserve him, and to H.H. Lt. Gen. Sheikh Mohamed Bin Zayed Al Nahyan, Crown Prince - May Allah preserve him for their continuous support and back-up to us in all fields as the result of which our country has become an oasis of safety and civilization.

The Results of the corporation in 2015 reflects the continuous improvement in the performance of the corporation through successive years, despite of the overall decline in the hotel sector profits resulting from the intense competition in this sector and continuous flow in the number of hotel rooms and facilities as a result of the opening new hotels during the past three years, which is expected to continue during the upcoming three years.

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبوظبي، إ.ع.م
PO Box 6942, Abu Dhabi, UAE
T. +971 2 409 9999 F. +971 2 409 9990
E. info@ncth.ae W. www.ncth.com

NCT&H

This is again confirms the validity of the strategic plan of the corporation and our commitment to apply and develop it year after another without relying on one sector only and to improve the (Specific goal and duration) investment style rather than high capital investments, and each investment must have profits and Cash liquidity support.

The corporation is currently working on a diversification of the hotel sector in all its aspects and grades strategy and to add new hotels in Abu Dhabi and Dubai, with the necessity to have immediate revenue while going on developing the catering sector to reach the fair share, In addition to other investments to help NCTH to control expenses, especially regarding the staff accommodation, as well as providing supplies for the development of central purchasing sector, transportation and other sectors.

As for the results of the year 2015, total revenues of the Corporation amounted to more than Dhs. 848 Million compared to about Dhs. 781 Million in the past year 2014 with an increase of 8.6% due to the increase in the Catering Division revenues which increase to about Dhs. 452 Million compared with about Dhs. 400 Million in

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبوظبي، إ.ع.م.
هـ ٩٩٩٩ ٤٠٩ ٢ ٩٧١+ ف ٩٩٩٠ ٤٠٩ ٢ ٩٧١+

PO Box 6942, Abu Dhabi, UAE
T. +971 2 409 9999 F. +971 2 409 9990

E. info@ncth.ae W. www.ncth.com

the past year with an increase of 13% and the net profit of the sector increase to about Dhs. 50 Million compared with about Dhs. 31 Million in the past year with an increase of 63%, and Central Purchasing revenues which increase to about Dhs. 95 Million compared with about Dhs. 86 Million in the year 2014 with an increase of 10% and the net profit of the sector increase to about Dhs. 31 Million compared with about Dhs. 27 Million in the past year with an increase of 14%.

Despite of the high revenues of Hotel Division - which increased to about Dhs. 313 Million compared with about Dhs. 306 Million in the year 2014 with an increase of 2%, the net profit of the sector were down by 6% to Dhs. 68 Million compared to Dhs. 72 Million in the past year. The decrease is due to the high cost of staff rental housing in this sector and the high cost of water and electricity services, in addition to the pre-opening expenses for some sector's projects. As a result of the foregoing, NCT&H has succeeded to increase the net profit to Dhs. 165.5 Million compared to Dhs. 158.7 Million last year. This increase in profits with percentage of 4%.

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبوظبي، إ.ع.م.
هـ ٩٩٩٩ ٤٠٩ ٢ ٩٧١+ ف ٩٩٩٠ ٤٠٩ ٢ ٩٧١+
PO Box 6942, Abu Dhabi, UAE
T. +971 2 409 9999 F. +971 2 409 9990
E. info@ncth.ae W. www.ncth.com

The Catering and Central Purchasing sectors had the supportive role in the improvement of the corporation performance and maintain its development during the past three years and dealing with low profits of the hotel sector.

The Corporation has maintained good cash liquidity to Dhs. 198 Million compared with Dhs. 139 Million for the year 2014 , taking in consideration that the corporation has succeeded to distribute the amount of Dhs. 120 Million In cash to shareholders during the year 2015 and paid the amount of Dhs. 57 Million for the bank premiums and interests, which led to the decrease of non-current loans to Dhs. 280 Million, compared with Dhs. 320 Million last year, Although the corporation has obtained a loan for the development of Jebel Dhanna and Al Dhafra Hotel & Resort project which will finish during this year 2016 . The loan will be used to add a 100 three stars category hotel rooms , and a 24 five stars category chalets, in addition to the integrated staff accommodation where all living needs are available and in line with the sustainability and environmental requirements.

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبو ظبي، إ.ع.م.
هـ ٩٩٩٩ ٤٠٩ ٢ ٩٧١+ ف ٩٩٩٠ ٤٠٩ ٢ ٩٧١+

PO Box 6942, Abu Dhabi, UAE
T. +971 2 409 9999 F. +971 2 409 9990

E. info@ncth.ae W.www.ncth.com

NCT&H

It is worth to mention that the corporation - and because of its keenness and permanent commitment to the shareholders - has succeeded to distribute the amount of Dhs. 576 Million in cash for the financial years of 2010 to the end of 2015, and issued Bounos Shares - during the same period - bringing the corporation's share capital from 110 Million shares to 540 million shares ,the commitment and consistent strategy from the Board of Directors and is fully in line with the objective of the establishment of the NCT&H which is to support a class of UAE citizens.

The corporation also works in its full effort to begin the implementation of the project of Hotel & Hotel apartments under the trade Name "Marina Intercontinental", as well as start to construct a diverse residential building in Abu Dhabi Exhibitions Center, and we hope to start the designs work of Saadiyat Island project soon.

In conclusion, and on behalf of my colleagues the members of the board of directors, I would like to thank the shareholders for their support and trust, all the

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبوظبي، إ.ع.م.
هـ ٩٩٩٩ ٤٠٩ ٢ ٩٧١+ ف ٩٩٩٠ ٤٠٩ ٢ ٩٧١+
PO Box 6942, Abu Dhabi, UAE
T. +971 2 409 9999 F. +971 2 409 9990
E. info@ncth.ae W. www.ncth.com

public and private establishments as well as the management and employees at the Corporation for their efforts.

Thank & Regards,

Hamdan Bin Mubarak AL Nahyan
Chairman of the Board

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبوظبي، إ.ع.م.
هـ ٩٩٩٩ ٤٠٩ ٢ ٩٧١+ ف ٩٩٩٠ ٤٠٩ ٢ ٩٧١+

PO Box 6942, Abu Dhabi, UAE
T. +971 2 409 9999 F. +971 2 409 9990
E. info@ncth.ae W. www.ncth.com

National Corporation for Tourism and Hotels

Financial statements
for the year ended 31 December 2015

National Corporation for Tourism and Hotels

Financial statements for the year ended 31 December 2015

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 2015, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management'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 their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation 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.

PricewaterhouseCoopers, (Abu Dhabi Branch), License no. 1001301
Abu Dhabi Trade Centre, 9th Floor, PO Box 45263, Abu Dhabi - United Arab Emirates
T: +971 (0)2 694 6800, F: +971 (0)2 645 6610, www.pwc.com/me

Douglas O'Mahony, Paul Suddaby and Jacques Fakhoury are registered as practising auditors with the UAE Ministry of Economy

pwc

Independent auditors' report to the shareholders of National Corporation for Tourism and Hotels (continued)

Other matter

The financial statements of the Corporation for the year ended 31 December 2014 were audited by another firm of auditors whose report, dated 4 March 2015, expressed an unmodified opinion on those statements. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Corporation has maintained proper books of account;

iv) the financial information included in the report of the Chairman is consistent with the books of account of the Corporation;

v) as disclosed in notes 7 and 8 to the financial statements, the Corporation has not purchased or invested in any shares during the year ended 31 December 2015;

vi) note 20 to the financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Corporation has contravened during the year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015; and

viii) note 23 to the financial statements discloses the social contributions made during the year ended 31 December 2015.

PricewaterhouseCoopers
2 March 2016

Jacques E. Fakhoury
Registered Auditor Number 379
Abu Dhabi, United Arab Emirates

National Corporation for Tourism and Hotels

Statement of financial position

	Notes	As at 31 December 2015 AED	2014 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	716,012,186	756,513,041
Available-for-sale investments	7	13,396,538	76,345,702
Investment in associates and joint venture	8	10,571,468	90,262,566
		739,980,192	923,121,309
Current assets			
Inventories	9	16,724,154	16,186,167
Trade and other receivables	10	252,842,828	179,097,194
Cash and bank balances	11	198,085,901	139,196,044
		467,652,883	334,479,405
Total assets		1,207,633,075	1,257,600,714
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	540,000,000	480,000,000
Statutory reserve	13	120,555,665	104,003,239
General reserve	13	15,000,000	75,000,000
Retained earnings		31,117,481	14,030,983
Cumulative changes in fair values of available-for-sale investments		10,646,538	51,175,448
Total equity		717,319,684	724,209,670
LIABILITIES			
Non-current liabilities			
Term loans	17	214,444,914	188,845,665
Employees' end of service benefits	18	31,234,812	27,441,296
		245,679,726	216,286,961
Current liabilities			
Derivative financial instruments	14	-	756,177
Term loans	17	65,656,052	131,248,000
Trade and other payables	19	178,977,613	185,099,906
		244,633,665	317,104,083
Total liabilities		490,313,391	533,391,044
Total equity and liabilities		1,207,633,075	1,257,600,714

These financial statements were authorised for issue by the Board of Directors on 2 March 2016 and signed on its behalf by:

CHAIRMAN   CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER

The notes on the pages 8 to 47 form an integral part of these financial statements

National Corporation for Tourism and Hotels

Statement of income

	Notes	Year ended 31 December 2015 AED	2014 AED
Operating revenues		848,603,234	781,336,917
Cost of services		(684,587,951)	(636,754,330)
Gross profit		164,015,283	144,582,587
General and administrative expenses	23	(30,907,069)	(22,398,410)
Gain on disposal of available-for-sale investments, net	7	33,229,581	3,884,916
Loss on sale of associates	8	(9,826,690)	-
Share of profit from associates and joint venture	8	4,323,543	5,365,053
Investment and other income, net	22	13,531,694	35,133,340
Finance income		1,277,737	1,369,470
Finance costs		(10,875,999)	(11,019,223)
Changes in fair value of derivative financial instruments	14	756,177	1,808,189
Profit for the year		165,524,257	158,725,922
Basic and diluted earnings per share	24	0.31	0.29

National Corporation for Tourism and Hotels

Statement of comprehensive income

	Notes	Year ended 31 December 2015 AED	2014 AED
Profit for the year		165,524,257	158,725,922
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to statement of income:			
Changes in fair value of available-for-sale investments	7	(4,398,715)	6,607,852
Realised gain on available-for-sale investments	7	(36,130,195)	(3,905,551)
Other comprehensive (loss)/income for the year		(40,528,910)	2,702,301
Total comprehensive income for the year		124,995,347	161,428,223

National Corporation for Tourism and Hotels

Statement of changes in equity

	Share capital AED	Statutory reserve AED	General reserve AED	Retained earnings AED	Cumulative changes in fair value of investment AED	Total AED
At 1 January 2014	240,000,000	88,130,647	75,000,000	240,772,327	48,473,147	692,376,121
Profit for the year	-	-	-	158,725,922	-	158,725,922
Other comprehensive income for the year	-	-	-	-	2,702,301	2,702,301
Total comprehensive income for the year	-	-	-	158,725,922	2,702,301	161,428,223
Dividends (Note 15)	-	-	-	(120,000,000)	-	(120,000,000)
Bonus shares issued (Note 12)	240,000,000	-	-	(240,000,000)	-	-
Directors' remuneration paid (Notes 16 and 26)	-	-	-	(9,594,674)	-	(9,594,674)
Transfer to statutory reserve	-	15,872,592	-	(15,872,592)	-	-
At 31 December 2014	480,000,000	104,003,239	75,000,000	14,030,983	51,175,448	724,209,670
Profit for the year	-	-	-	165,524,257	-	165,524,257
Other comprehensive loss for the year	-	-	-	-	(40,528,910)	(40,528,910)
Total comprehensive income for the year	-	-	-	165,524,257	(40,528,910)	124,995,347
Dividends (Note 15)	-	-	-	(120,000,000)	-	(120,000,000)
Bonus shares issued (Note 12)	60,000,000	-	(60,000,000)	-	-	-
Directors' remuneration paid (Notes 16 and 26)	-	-	-	(11,885,333)	-	(11,885,333)
Transfer to statutory reserve	-	16,552,426	-	(16,552,426)	-	-
At 31 December 2015	540,000,000	120,555,665	15,000,000	31,117,481	10,646,538	717,319,684

National Corporation for Tourism and Hotels

Statement of cash flows

	Notes	Year ended 31 December 2015 AED	2014 AED
Cash flows from operating activities			
Profit for the year		165,524,257	158,725,922
Adjustments for:			
Depreciation	6	59,807,275	56,519,786
Loss on sale of associates	8	9,826,690	-
Provision for employees' end of service benefits	18	9,826,355	8,782,848
Gain on sale of available for sale investments	7	(33,229,581)	(3,884,916)
Share of profit from associates and joint venture	8	(4,323,543)	(5,365,053)
Dividend income	22	(3,195,642)	(2,457,721)
Changes in fair value of derivative financial instrument		(756,177)	(1,808,189)
Gain on sale of property, plant and equipment	22	(571,392)	(21,057,663)
Provision for impairment of trade receivable	10	2,227,000	5,305,449
Reversal of provision of impairment of trade receivables	10	(7,240,879)	(3,716,542)
Reversal of provision for impairment of available-for-sale investments		-	(366,594)
Finance income		(1,277,737)	(1,369,470)
Finance cost		10,875,999	11,019,223
Operating cash flows before working capital changes		207,492,625	200,327,080
Changes in working capital:			
Inventories		(537,987)	(2,300,826)
Trade and other receivables		25,791,735	1,878,090
Trade and other payables		(13,581,994)	24,783,851
Cash generated from operations		219,164,379	224,688,195
Employees' end of service benefits paid	18	(6,032,839)	(4,082,966)
Finance cost paid		(10,875,999)	(11,019,223)
Net cash generated from operating activities		202,255,541	209,586,006
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		863,138	21,057,663
Purchase of property, plant and equipment	6	(19,598,166)	(67,199,116)
Proceeds from sale of available-for-sale investments	7	34,314,296	7,453,767
Finance income received		1,277,737	1,369,470
Dividends received from joint venture	8	1,000,000	1,000,000
Dividends received	22	3,195,642	2,457,721
Net cash provided by/(used in) investing activities		21,052,647	(33,860,495)
Cash flows from financing activities			
Receipt of term loans, net		137,991,067	18,984,835
Repayment of term loans		(177,983,766)	(62,500,000)
Dividends paid	15	(112,540,299)	(115,865,271)
Directors' remuneration paid	16	(11,885,333)	(9,594,674)
Increase in long term deposits		(890,203)	(17,125,877)
Net cash used in financing activities		(165,308,534)	(186,100,987)
Net increase/(decrease) in cash and cash equivalents		57,999,654	(10,375,476)
Cash and cash equivalents, beginning of the year		105,485,372	115,860,848
Cash and cash equivalents, end of the year	11	163,485,026	105,485,372

1 Corporate information

National Corporation for Tourism and Hotels (the "Corporation"), a public joint stock company, was incorporated in Abu Dhabi, United Arab Emirates ("UAE") on 11 December 1996 pursuant to 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's registered address is P.O. Box 6942, Abu Dhabi, UAE.

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

Name	**Country of operation**	**Principal activity**	**Interest**
National Transportation Company L.L.C (the "Joint venture")	United Arab Emirates	Transport Services	50%

The Corporation operates five hotel properties and rest houses through management agreements along with three hotel properties through asset management agreements, all owned by other parties.

UAE Federal Law No. 2 of 2015 ("Companies Law") which is applicable to the Corporation has come into effect on 1 July 2015. The Corporation is currently assessing and evaluating the relevant provisions of the Companies Law. It has twelve months from the effective date of the Companies Law to fully comply with the Companies Law under the transitional provisions set out therein.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost basis, except for available for sale investments and derivatives, which have been measured at fair value.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

a) New standards and amended standards adopted by the corporation

The Corporation has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Corporation also elected to adopt the following two amendments early:
- Annual Improvements to IFRSs 2012-2014 Cycle, and
- Disclosure Initiative: Amendments to IAS 1

As these amendments merely clarify the existing requirements, they do not affect the Corporation's accounting policies or any of the disclosures.

b) New standards and interpretations are not yet adopted by the Corporation

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Corporation. The Corporation's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 9, 'Financial instruments', (effective from 1 January 2018) addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Following the changes approved by the IASB in July 2014, the Corporation no longer expects any impact from the new classification, measurement and derecognition rules on the Corporation's financial assets and financial liabilities.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

b) New standards and interpretations are not yet adopted by the Corporation (continued)

There will also be no impact on the Corporation's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Corporation does not have any such liabilities.

- Amendments to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations' (effective from 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. These amendments are unlikely to have material impact on the Corporation's financial statements.

- IFRS 14, 'Regulatory Deferral Accounts' (effective from 1 January 2016) is an interim standard which provides relief for first-adopters of IFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. These amendments are unlikely to have material impact on the Corporation's financial statements.

- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2017). The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

  At this stage, the Corporation is not able to estimate the impact of the new rules on the Corporation's financial statements. The Corporation will make more detailed assessments of the impact over the next twelve months.

2 Summary of significant accounting policies (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

b) New standards and interpretations are not yet adopted by the Corporation (continued)

- Amendments to IAS 16, 'Property, Plant and Equipment' (effective from 1 January 2016) clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. Since depreciation is not calculated using a revenue based method, management's assessment is that the amendments will not impact on the Corporation's financial statements.

- Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (effective from 1 January 2016) clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). These amendments are unlikely to have material impact on the Corporation's financial statements.

- IFRS 16, 'Leases' (effective 1 January 2019). Whereas, under the previous guidance in IAS 17, 'Leases', a lessee had to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet), the new model requires the lessee to recognise almost all lease contracts on the balance sheet; the only optional exemptions are for certain short-term leases and leases of low-value assets. The Corporation will make an assessment of the impact of this new standard over the next twelve months.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Investment in associates and joint ventures

An associate is an entity over which the Corporation has a 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. This is generally the case where the Corporation holds between 20% to 50% of the voting rights.

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.

2 Summary of significant accounting policies (continued)

2.2 Investment in associates and joint ventures (continued)

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Corporation's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Corporation's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Corporation's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Corporation's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Corporation recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Corporation and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Corporation's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Corporation. When necessary, adjustments are made to bring the accounting policies in line with those of the Corporation.

After application of the equity method, the Corporation determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Corporation determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture. the Corporation measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.3 Segment reporting

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

2.4 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

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 statement of income 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.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2 Summary of significant accounting policies (continued)

2.5 Impairment of non-financial assets (continued)

Non–financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 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.

2.7 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 and available for sale investments.

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 statement of income.

2 Summary of significant accounting policies (continued)

2.7 Financial assets (continued)

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 statement of income in investment and other income, net and removed from the available for sale reserve.

Derecognition
A financial asset (or, where applicablë 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.

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.

2 Summary of significant accounting policies (continued)

2.8 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 statement of income — is removed from other comprehensive income and recognised in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; 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 statement of income.

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.

2 Summary of significant accounting policies (continued)

2.8 Impairment of financial assets (continued)

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 statement of income.

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 statement of income.

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.

2.9 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 statement of income when the liabilities are derecognised.

2 Summary of significant accounting policies (continued)

2.9 Financial liabilities (continued)

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 statement of income.

2.10 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.

2.11 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.

2.12 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 statement of income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.12 Derivative financial instruments and hedge accounting (continued)

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 statement of income or capitalised with other borrowing costs. Where the adjustment relates to a hedged interest-bearing financial instrument, the adjustment is amortised to the statement of income 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 statement of income. The gains or losses on effective cash flow hedges recognised initially in equity are either transferred to the statement of income in the period in which the hedged transaction impacts the statement of income 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.

2.13 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.

2.14 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.

2 Summary of significant accounting policies (continued)

2.15 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.

2.16 Cash and short term deposits

For the purpose of presentation in the statmeent of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with finanical institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 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.

2.19 Term loans

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 Summary of significant accounting policies (continued)

2.20 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. These are invoiced to customers upon provision of services and delivery of goods during the year. Revenue 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.
- Management fee is related to the provision of management, investment advisory and asset management services to the hotels and is recognized when the service is performed.

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.

2.21 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 UAE Government pension scheme calculated as a percentage of the employees' salaries. The Corporation's obligations are limited to these contributions, which are expensed when due.

2.22 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Corporation as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Corporation is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

2 Summary of significant accounting policies (continued)

2.23 Foreign currency translation

(a) Functional and presentation currency
The financial statements are prepared and presented in UAE Dirhams ("AED"), which is the Corporations's functional and presentation.

(b) Transactions and balances
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 statement of income.

2.24 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

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'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.

3 Financial risk management objectives and policies (continued)

3.1 Financial risk factors (continued)

Interest rate risk (continued)

To manage this, the Corporation sometimes but not always 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.

At 31 December 2015, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 0.14 million (2014: AED 0.16 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Corporation's borrowings are denominated in UAE Dirhams.

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 bank balances and available for sale financial investments, the Corporation's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions. 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.

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.

National Corporation for Tourism and Hotels

Notes to the financial statements
for the year ended 31 December 2015 (continued)

3 Financial risk management objectives and policies (continued)

3.1 Financial risk factors (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Corporation's financial liabilities at 31 December 2015 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 2015						
Term loans	35,000,000	6,578,025	24,078,025	135,068,320	83,280,258	284,004,628
Trade and other payables	-	171,101,693	2,802,027	-	-	173,903,720
Total	35,000,000	177,679,718	26,880,052	135,068,320	83,280,258	457,908,348
At 31 December 2014						
Term loans	48,480,000	34,187,000	48,781,000	150,117,303	38,728,362	320,293,665
Derivative financial liability	-	-	756,177	-	-	756,177
Trade and other payables	-	175,824,968	4,230,004	-	-	180,054,972
Total	48,480,000	210,011,968	53,767,181	150,117,303	38,728,362	501,104,814

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	2015 AED	2014 AED
Abu Dhabi security market index	5%	-	3,232,473

Due to the nature of the business, the Corporation does not have a commodity price risk.

3.2 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.

3 Financial risk management objectives and policies (continued)

3.2 Capital management (continued)

No changes were made in the objectives, policies or processes during the years end 31 December 2015 and 2014.

3.3 Fair value estimation

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	
	2015 AED	2014 AED	2015 AED	2014 AED
Financial assets				
Available for sale investments - quoted	-	64,649,453	-	64,649,453
Available for sales investments - unquoted	13,396,538	11,696,249	13,396,538	11,696,249
Financial liabilities				
Fixed rate loan	140,000,000	157,500,000	141,177,831	145,434,996
Floating rate loans	140,100,966	162,593,665	140,100,966	162,593,665
Interest rate swaps	-	756,177	-	756,177

The management assessed that cash and short-term deposits, accounts receivables, accounts payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

3 Financial risk management objectives and policies (continued)

3.3 Fair value estimation (continued)

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 2015:

	Quoted prices in active markets (Level I) AED	Significant observable inputs (Level 2) AED	Significant unobservable inputs (Level 3) AED
Available for sale investments			
Equity shares	-	-	13,396,538
Term loans			
Fixed rate loan	-	141,177,831	-
Floating rate loans	-	140,100,966	-

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 2014:

	Quoted prices in active markets (Level I) AED	Significant observable inputs (Level 2) AED	Significant unobservable inputs (Level 3) AED
Available for sale investments			
Equity shares	64,649,453	-	11,696,249
Derivative financial instruments			
Interest rate swaps	-	756,177	-
Term loans			
Fixed rate loan	-	145,434,996	-
Floating rate loans	-	162,593,665	-

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

Available-for-sale investment

The fair values of the unquoted available for sale investments have been estimated using a net asset value model.

The remaining available for sale investments are listed in local exchanges, and their fair values are derived from quoted market prices in active markets.

3 Financial risk management objectives and policies (continued)

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.

Fixed rate 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 reporting date.

4 Critical accounting estimates and judgements

4.1 Critical judgements in applying the Corporations' accounting policies

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 determined that there are no judgements, which have a significant effect in the amounts recognised in the statement of financial position.

4.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that could potentially 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. A provision is applied according to the length of time they are past due and also based on historical recovery rates.

At the reporting date, gross trade receivables were AED 143,305,991 (2014: AED 164,926,480) and the net provision for doubtful debts was AED 14,838,390 (2014: AED 19,852,269). 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.

4 Critical accounting estimates and judgements (continued)

4.2 Critical accounting estimates and assumptions

Useful lives of property, plant and equipment
The Corporation determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The 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 technicall obsolete or non-strategic assets that have been abandones or sold.

5 Operating segments

The primary segment reporting formats are 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.

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.

5 Operating segments (continued)

The following table presents revenue and profit information regarding the Corporation's operating segments for the year ended 31 December 2015 and 2014, respectively.

31 December 2015	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminating entries AED	Total AED
Revenue	313,342,505	94,985,175	451,934,674	-	(11,659,120)	848,603,234
Cost of services	(245,152,401)	(63,860,610)	(401,761,159)	-	26,186,219	(684,587,951)
Gross profit	68,190,104	31,124,565	50,173,515	-	14,527,099	164,015,283
General and administrative expenses	-	-	-	(30,907,069)	-	(30,907,069)
Gain on disposal of available-for-sale investments, net	-	-	-	33,229,581	-	33,229,581
Loss on sale of associates	-	-	-	(9,826,690)	-	(9,826,690)
Investment and other income, net*	-	-	-	28,058,793	(14,527,099)	13,531,694
Gain on fair value of derivative financial instruments	-	-	-	756,177	-	756,177
Share of profit from associates and joint venture	-	-	-	4,323,543	-	4,323,543
Interest income	-	-	-	1,277,737	-	1,277,737
Finance costs, net	-	-	-	(10,875,999)	-	(10,875,999)
Profit for the year	68,190,104	31,124,565	50,173,515	16,036,073	-	165,524,257

* Investment and other income include management fee income from Owned Hotels amounting to AED 9,372,756, which was eliminated in the consolidation process. Investment and other income from managed hotels amounted to AED 8,949,454.

5 Operating segments (continued)

31 December 2014	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminating entries AED	Total AED
Revenue	306,641,168	86,485,112	400,379,234	-	(12,168,597)	781,336,917
Cost of services	(234,129,849)	(59,188,287)	(369,676,657)	-	26,240,463	(636,754,330)
Gross profit	72,511,319	27,296,825	30,702,577	-	14,071,866	144,582,587
General and administrative expenses	-	-	-	(22,398,410)	-	(22,398,410)
Investment and other income, net*	-	-	-	49,205,206	(14,071,866)	35,133,340
Gain on disposal of available-for-sale investments	-	-	-	3,884,916	-	3,884,916
Gain on fair value of derivative financial instrument	-	-	-	1,808,189	-	1,808,189
Share of profit from associates and joint venture	-	-	-	5,365,053	-	5,365,053
Interest income	-	-	-	1,369,470	-	1,369,470
Finance costs, net	-	-	-	(11,019,223)	-	(11,019,223)
Profit for the year	72,511,319	27,296,825	30,702,577	28,215,201	-	158,725,922

* Investment and other income include management fee income from Owned Hotels amounting to AED 9,337,237, which was eliminated in the consolidation process. Investment and other income from managed hotels amounted to AED 8,452,335.

5 Operating segments (continued)

The following table presents assets and liabilities information for the Corporation's operating segments as at 31 December 2015 and 2014, respectively:

	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminating entries AED	Total AED
At 31 December 2015						
Total assets	394,167,984	24,138,520	166,906,440	763,756,083	(141,335,952)	1,207,633,075
Total liabilities	47,788,171	13,503,719	84,540,407	151,776,194	(52,974,826)	244,633,665
At 31 December 2014						
Total assets	433,544,713	22,673,456	174,428,711	729,771,210	(102,817,376)	1,257,600,714
Total liabilities	50,798,934	14,026,445	100,432,431	201,869,917	(50,023,644)	317,104,083

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

6 Property, plant and equipment

	Land and buildings AED	Mechanical, electrical and plumbing AED	Furniture, fixtures and operating equipment AED	Motor vehicles AED	Construction in progress AED	Total AED
Cost						
At 1 January 2014	787,998,904	117,364,932	229,449,098	18,094,118	152,155,286	1,305,062,338
Additions	103,066	684,383	18,232,291	10,535,400	37,643,976	67,199,116
Disposals	(700,000)	-	(221,510)	(1,053,850)	-	(1,975,360)
Transfers	34,073,276	15,006,595	11,418,567	-	(60,498,438)	-
At 31 December 2014	821,475,246	133,055,910	258,878,446	27,575,668	129,300,824	1,370,286,094
Additions	-	-	12,023,146	1,790,500	5,855,998	19,669,644
Disposals	-	-	(435,886)	(1,677,650)	-	(2,113,536)
Adjustments	(71,478)	-	-	-	-	(71,478)
Transfers	-	1,463,070	486,892	-	(1,949,962)	-
At 31 December 2015	821,403,768	134,518,980	270,952,598	27,688,518	133,206,860	1,387,770,724
Accumulated depreciation						
At 1 January 2014	294,056,606	75,687,309	179,204,371	10,280,341	-	559,228,627
Charge for the year	23,923,624	10,656,822	18,892,606	3,046,734	-	56,519,786
Disposals	(700,000)	-	(221,510)	(1,053,850)	-	(1,975,360)
At 31 December 2014	317,280,230	86,344,131	197,875,467	12,273,225	-	613,773,053
Charge for the year	25,015,423	12,094,229	18,670,861	4,026,762	-	59,807,275
Disposals	-	-	(427,301)	(1,394,489)	-	(1,821,790)
At 31 December 2015	342,295,653	98,438,360	216,119,027	14,905,498	-	671,758,538
Net book value:						
At 31 December 2015	479,108,115	36,080,620	54,833,571	12,783,020	133,206,860	716,012,186
At 31 December 2014	504,195,016	46,711,779	61,002,979	15,302,443	129,300,824	756,513,041

6 Property, plant and equipment (continued)

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

	2015 AED	2014 AED
Cost of services	57,441,201	54,496,029
General and administrative expenses (Note 23)	2,366,074	2,023,757
	59,807,275	56,519,786

During the year, borrowing costs amounting to AED 242,929 (2014: AED 1,862,836) have been capitalised.

7 Available-for-sale investments

	2015 AED	2014 AED
Available-for-sale investments comprise:		
Investments in quoted securities	-	64,649,453
Investments in unquoted securities	13,396,538	11,696,249
	13,396,538	76,345,702

In 2015, the Company sold its investment in quoted securities for AED 55,649,835 and accordingly, recognized a gain from sale in the statement of income amounting to AED 33,229,581. As at 31 December 2015, an amount of AED 21,335,539 from the total sales proceeds were included under 'Other receivables' and this was subsequently collected in January 2016.

Investments in unquoted securities represent the Corporation's equity interest of 4.89% (2014: 4.89%) in Sawaeed Employment L.L.C. During 2015, the Corporation performed valuation of this investment based on the net asset value method which resulted in a gain of AED 1,700,289 (2014: AED 8,946,249) that was recorded in the statement of comprehensive income.

Movement in available-for-sale investments is as follows:

	2015 AED	2014 AED
Quoted equity securities		
At 1 January	64,649,453	74,095,658
Sale of quoted securities	(22,420,254)	(3,202,257)
Fair value reversal for sold securities	(36,130,195)	(3,905,551)
Decrease in fair value of available-for-sale investments	(6,099,004)	(2,338,397)
At 31 December	-	64,649,453
Unquoted equity securities		
At 1 January	11,696,249	2,750,000
Increase in fair value of available for sale investments	1,700,289	8,946,249
At 31 December	13,396,538	11,696,249

All available–for–sale investments are located in UAE.

8 Investment in associates and joint venture

	2015 AED	2014 AED
Investment in associates	-	80,788,713
Investment in a joint venture	10,571,468	9,473,853
	10,571,468	90,262,566

Investment in associates

Movement in investment in associates is as follows:

At 1 January	80,788,713	76,960,683
Share of results for the year	2,225,928	3,828,030
Sale of investments	(83,014,641)	-
At 31 December	-	80,788,713

Summarised statement of income of the associates is as follows:

Revenue	271,145,438	362,090,916
Cost of sales	(121,218,741)	(148,982,905)
Administrative expenses	(121,344,614)	(161,063,115)
Other income	6,315,853	3,072,009
Finance costs	(12,638,663)	(16,836,606)
Profit for the year	22,259,273	38,280,299
Corporation's share of results for the year	2,225,928	3,828,030

In December 2015, the Corporation sold its shares of Pearl Azure Hotel Management and Pearl Azure Properties, for a consideration amounting to AED 69,187,951. The initial investment in these associates amounts to AED 33 million. Furthermore, the Corporation expects to receive during 2016 AED 4 million, which represents its share of the excess liquidity as defined in the agreement between the shareholders. Consequently, the Corporation recognized a loss in the statement of income amounting to AED 9,826,690. As at 31 December 2015, the total estimated proceeds from the sale and its share of the excess liquidity is included under 'Other receivables'. In January 2016, the Corporation received the sales proceeds amounting to AED 69,187,951.

8 Investment in associates and joint venture (continued)

Investment in associates (continued)

In 2014, the summarised statement of financial position of the associates is as follows:

	2014
	AED
Property, plant, and equipment	1,418,765,987
Amounts due from related parties	97,163,781
Inventories	3,463,524
Accounts receivables and prepayments	62,717,506
Cash and bank balances	68,284,072
Accounts payable and accruals	(45,323,645)
Employees' end of service benefit	(20,050,928)
Amounts due to related parties	(13,124,796)
Term loans	(764,008,371)
Net assets	807,887,130
Corporation's share of net assets	80,788,713

Investment in joint venture

Movement in investment in joint venture is as follows:

	2015	2014
	AED	AED
At 1 January	9,473,853	8,936,830
Share of results for the year	2,097,615	1,537,023
Dividend received	(1,000,000)	(1,000,000)
At 31 December	10,571,468	9,473,853

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

	2015	2014
	AED	AED
Revenue	30,314,396	27,631,002
Cost of sales	(23,957,077)	(22,161,758)
Administrative expenses	(2,435,766)	(2,469,194)
Other income	649,947	779,611
Finance costs	(376,271)	(705,616)
Profit for the year	4,195,229	3,074,045
Corporation's share of results for the year	2,097,615	1,537,023

8 Investment in associates and joint venture (continued)

Investment in joint venture (continued)

Summarised statement of financial position of the joint venture is as follows:

	2015 AED	2014 AED
Property. plant. and equipment	15,836,006	21,164,360
Accounts receivables and prepayments	11,359,509	5,248,747
Investments carried at fair value	-	20,929
Cash and bank balances	3,411,216	4,701,278
Accounts payable and accruals	(6,829,558)	(2,580,013)
Employees end of service benefit	(1,493,612)	(1,310,840)
Term loans	(1,140,623)	(8,296,755)
Net assets	21,142,938	18,947,706
Corporation's share of net assets	10,571,468	9,473,853

In 2015, the Corporation did not purchase or invested in any shares.

9 Inventories

	2015 AED	2014 AED
Food and beverages	15,223,934	14,514,248
Engineering and operating supplies	1,500,220	1,671,919
	16,724,154	16,186,167

Inventories recognized as an expense during 2015 amounted to AED 252.97 million (2014: AED 239.90 million). These were included in cost of service.

10 Trade and other receivables

	2015 AED	2014 AED
Trade receivables	143,305,991	164,926,480
Less: provision for impaired accounts	(14,838,390)	(19,852,269)
	128,467,601	145,074,211
Prepayments and advances	23,152,358	27,413,965
Amounts due from related parties	35,000	249,640
Other receivables	101,187,869	6,359,378
	252,842,828	179,097,194

10 Trade and other receivables (continued)

For terms and conditions relating to related party receivables, refer to Note 20. Trade receivables are non-interest bearing and are generally on 30 days terms.

As at 31 December 2015, trade receivables at nominal value of AED 14,838,390 (2014: AED 19,852,269) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2015 AED	2014 AED
At 1 January	19,852,269	18,263,362
Charge for the year	2,227,000	5,305,449
Reversed during the year	(7,240,879)	(3,716,542)
At 31 December	14,838,390	19,852,269

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	**60-90 days** AED	**90-120 days** AED	**>121 days** AED
2015	128,467,601	65,765,609	33,368,440	14,644,616	3,833,520	10,855,416
2014	145,074,211	82,138,034	32,691,152	10,778,953	7,858,744	11,607,328

Prepayments, advances and other receivables are not impaired. Trade and other receivable balances are maintained in UAE Dirhams.

11 Cash and bank balances

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

	2015 AED	2014 AED
Cash on hand and cash in banks	163,485,026	85,485,372
Term deposits	34,600,875	53,710,672
Cash and short term deposits	198,085,901	139,196,044
Less: term deposits with original maturity of more than three months	(34,600,875)	(33,710,672)
Cash and cash equivalents	163,485,026	105,485,372

11 Cash and short term deposits (continued)

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 2.75% per annum (2014: 2.125% to 2.75%).

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 2.5% to 2.75% per annum (2014: 2.5% to 2.75% per annum).

12 Share capital

	Authorised, issued and fully paid	
	2015 AED	2014 AED
480,000,000 (2014: 240,000,000) ordinary shares of AED 1 each	480,000,000	240,000,000
60,000,000 (2014: 240,000,000) bonus shares issued of AED 1 each	60,000,000	240,000,000
Ordinary shares of AED 1 each	540,000,000	480,000,000

During the year, the Corporation issued 60,000,000 (2014: 240,000,000) bonus shares to its existing shareholders on the basis of 12.5% of ordinary shares held (2014: 100% of ordinary shares held). The bonus shares are ordinary shares and carry the same rights as other ordinary shares. The legal formalities of the issuance of the 2015 share capital was completed during May 2015.

13 Statutory and general reserves

(a) Statutory reserve

In line with the provisions of the UAE Federal Commercial Companies Law No. (2) of 2015 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. The statutory reserve is not available for distribution.

(b) 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.

14 Derivative financial instruments

	2015 AED	2014 AED
Financial liability:		
Interest rate swap	-	756,177

In 2014, the interest rate swap with notional amount of 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 756,177 (2014: positive movement of AED 1,808,189) has been charged to the statement of income.

15 Dividends

During the year, dividends amounting to AED 120,000,000 (2014: AED 120,000,000) were declared and approved, of which AED 112,540,299 (2014: AED 115,865,271) was paid to shareholders. Amount of dividends per share was equal to AED 0.25 (2014: AED 0.50).

16 Directors' remuneration

The remuneration of the Board of Directors for the year ended 31 December 2015 amounts to AED 12,197,183 (2014: AED 11,885,333), subject to approval by the shareholders in the Annual General Meeting. The Board of Directors' remuneration paid during 2015 amounted to AED 11,885,333 (2014: AED 9,594,674).

17 Term loans

	2015 AED	2014 AED
Term loan 1	-	125,250,447
Term loan 2	140,000,000	157,500,000
Term loan 3	-	33,378,606
Term loan 4	3,815,962	3,728,362
Term loan 5	-	236,250
Term loan 6	-	-
Term loan 7	136,285,004	-
Total	280,100,966	320,093,665
Less: non-current portion	(214,444,914)	(188,845,665)
Current portion	65,656,052	131,248,000

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. The loan is repayable in 24 quarterly installments of AED 15.4 million commencing on 1 January 2010 and carries interest at the rate of 3.5% over 3-months EBOR. Interest 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

On 29 December 2015, the Company paid the outstanding loan by refinancing from term loan 7 Facility A.

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 2015, two scheduled payments due in 2015 and 2014 amounting to AED 35 million have not been settled.

17 Term loans (continued)

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. The loan is repayable in 4 years through 15 equal quarterly installments of AED 2.18 million originally commencing on 30 September 2013 and one last installment (16th) covering the residual loan amount plus the remaining accrued interest. Subsequently, the repayment schedule was amended so that the first installment date was extended to 28 February 2015. 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 plus the assignment of revenues up to AED 20 million from Danat Resort Hotel, Jebel Dhanna.

On 29 December 2015, the Company paid the outstanding loan by refinancing from term loan 7 Facility A.

Term loan 4

During 2013, the Corporation obtained a loan facility from a local bank amounting to AED 220 million. The loan will be utilized to for the construction of a new hotel, Grand Marina. Total drawdown as at 31 December 2015 amounted to AED 3.8 million. Repayment of the loan is due after 36 months from first installment for main civil works contractor payments. 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 is to be repaid over 9 years by 36 quarterly installments. Additional drawdown of AED 216.2 million is available for this loan as at 31 December 2015 and 2014.

The loan facility is secured by the common security mentioned in the term loan 1 and term loan 3 plus the assignment of revenues up to AED 20 million from Danat Resort Hotel, Jebel Dhanna plus the assignment of entire revenue of the new hotel.

Term loan 5

During 2014, the Corporation obtained a loan facility from a local bank amounting to AED 40.5 million. The loan will be utilized to meet the expenses of renovation, addition of 200 rooms, staff accommodation and others such as road construction, furniture and fittings at Danat Jebel Dhanna and Dhafra Beach Hotel. Total drawdown as at 31 December 2014 amounted to AED 0.2 million. Repayment of the loan is due after 18 months from the date of first utilization. The loan carries interest at the rate of 3.5% over 3-months EBOR, subject to a minimum interest rate of 6.5% per annum. Interest is to be paid on a quarterly basis. The loan is to be repaid over 6 and a half years by 12 equal semi-annual installments of AED 3.115 million each. and the balance over the 13th installment.

The loan facility is secured by the common security mentioned in the Term loan 1 and Term loan 3, and Term loan 4, primary mortgage for AED 40.5 million on the plot, and the assignment of entire revenues from Danat Resort Hotel, Jebel Dhanna.

17 Term loans (continued)

Term loan 5 (continued)

On 29 December 2015, the Company paid the outstanding loan by refinancing from term loan 7 Facility B.

Term loan 6

During 2014, the Corporation obtained a loan facility from a local bank amounting to AED 250 million for a new hotel to be constructed on its Plot in Saadiyat Island, Abu Dhabi. No drawdown has been made by the Corporation as at 31 December 2015. Repayment of the loan is due after 3 years from initial drawdown. The loan is to be repaid in 12 years through 24 semi-annual installments. The loan carries interest at the rate of 3.5% over 3-months EBOR, subject to a minimum interest rate of 6.5% per annum. Interest is to be paid on a quarterly basis.

The loan facility is secured by the common security in Term Loan 1, and assignment of entire revenue of the new hotel, and all other related assignments.

Term loan 7

During 2015, the Corporation obtained a loan facility from a local bank amounting to AED 600 million which are split into two facilities of: (i) Facility - A AED 131.6 milllion which is utilized to repay the Term loan 1 and 3 and (ii) Facility B AED 468.4 million which will be utilized to repay Term Loan 5 and to meet future investment opportunities. Facility A was fully utilized as at 31 December 2015, while Facility B drawdown amounted to AED 8.6 million. Total drawdown for both facilities as at 31 December 2015 amounted to AED 140.2 million. Facility A carries interest at the rate of 3% over 3-months EBOR, subject to a minimum interest rate of 4.25% per annum. Facility B carries interest at the rate of 3.25% over 3-months EBOR, subject to a minimum interest rate of 4.5% per annum. The Facilities A and B are to be repaid in 10 years from the date of the Loan Facility Agreement through semi-annual installments and one final payment on the final repayment date. Interest is to be paid on quarterly basis.

The loan facility is secured by the following:
- (i) Mortgage over the land plots and buildings of Abu Dhabi Intercontinental Hotel, Danat Resort – Jebel Dhanna and Al Dhafra Beach Hotel
- (ii) Assignment of insurances of Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna and Al Dhafra Beach Hotel
- (iii) Assignment of receivables from Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna and Al Dhafra Beach Hotel
- (iv) Account Pledge over bank accounts of the Corporation and its divisions, Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna and Al Dhafra Beach Hotel.

As at 31 December 2015, the Company has an unamortised prepaid loan arrangement fee of AED 3.9 million related to the new facility and is netted off from the loan balance.

18 Employees' end of service benefits

	2015 AED	2014 AED
At 1 January	27,441,296	22,741,414
Provision for the year	9,826,355	8,782,848
Payments	(6,032,839)	(4,082,966)
At 31 December	31,234,812	27,441,296

19 Trade and other payables

Trade and other payables	120,439,118	128,733,230
Accrued liabilities	50,662,575	47,091,738
Retentions payable	2,802,027	4,230,004
Advances from customers	5,073,893	5,044,934
	178,977,613	185,099,906

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.

20 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 2015, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2014: 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.

20 Related party transactions (continued)

Terms and conditions of transactions with related parties (continued)

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:

	2015 AED	2014 AED
Joint venture in which the Corporation is a venturer:		
Amounts due from related parties (Note 10)	35,000	27,271
Associates:		
Amounts due from related parties (Note 10)	-	222,369

Significant transactions with related parties are as follows:

Other related parties		
Administration fee charged by a related party	10,723,019	9,781,968
Asset management fee income	150,000	150,000
Rental income	479,600	495,567

Compensation of key management personnel

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

	2015 AED	2014 AED
Short-term benefits	14,735,980	14,025,952
Employees' end of service benefits	130,250	183,150
	14,866,230	14,209,102

There were no loans provided to directors for the year ended 31 December 2015.

21 Contingencies and commitments

(a) Contingencies

(i) Bank guarantees

At 31 December 2015, the Corporation had outstanding contingent liabilities in respect of letters of guarantee of AED 83.7 million (2014: AED 91.6 million).

(ii) Legal case

The Corporation is a defendant in labour related 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 impact on the Corporation's operations, cash flows, or financial position.

(b) Commitments

(i) Capital commitments

At 31 December 2015, the Corporation had estimated commitments for the Lebanese Restaurant, Beach Club at Abu Dhabi Intercontinental Hotel, Grand Marina Hotel and All day Dining project at Danat Al Ain Hotel of AED 53.2 million (2014: AED 6 million).

22 Investment and other income, net

	2015 AED	2014 AED
Dividend income from investments	3,195,642	2,457,721
Management fees	8,949,454	8,452,335
Gain on sale of property, plant and equipment	571,392	21,057,663
Other income	815,206	3,165,621
	13,531,694	35,133,340

In 2014, gain on sale of property, plant and equipment includes an amount of AED 20,639,700 related to the sale of parcel of land to a third party.

23 General and administrative expenses

	2015 AED	2014 AED
Payroll and employee related costs	24,945,554	17,768,768
Depreciation (Note 6)	2,366,074	2,023,757
Other operating expenses	3,595,441	2,605,885
	30,907,069	22,398,410

23 General and administrative expenses (continued)

Other operating expenses include social contributions made during the year to the following beneficiaries:

	2015 AED
Sponsorship of High School Student Art Exhibition (Etihad Modern Art Gallery)	100,000
Hamad Centre for Special Needs	4,800
	104,800

24 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 effect of dilutive instruments.

	2015	2014
Profit for the year (AED)	165,524,257	158,725,922
Weighted average number of ordinary shares outstanding during the year (as adjusted for the issue of bonus shares)	540,000,000	540,000,000
Basic and diluted earnings per share (AED)	0.31	0.29

As at 31 December 2015 and 2014, the Corporation has not issued any instrument which would have a dilutive impact on earnings per share when converted or exercised.

25 Financial instruments by category

	2015 AED	2014 AED
Available-for-sale investments	13,396,538	76,345,702
Trade and other receivables	229,690,470	151,683,229
Cash and short term deposits	198,085,901	139,196,044
Total financial assets	441,172,909	367,224,975
Derivative financial instruments	-	756,177
Trade and other payables	173,903,720	180,054,972
Term loans	280,100,966	320,093,665
Total financial liabilities	454,004,686	500,904,814

25 Financial instruments by category (continued)

For the purpose of the financial instruments disclosure, non-financial assets amounting to AED 23,152,358 (2014: AED 27,413,965) have been excluded from trade and other receivables. Non-financial liabilities amounting to AED 5,073,893 (2014: AED 5,044,934) have been excluded from trade and other payables.

26 Reclassification

Management reclassified the 2014 board of directors' remuneration amounting to AED 9.6 million from Other comprehensive income to Retained earnings.

Certain other comparative figures have been reclassified, where necessary, to conform to the current year presentation. Management believes that the current year presentation provides more meaningful information to the readers of the financial statements.

These reclassifications did not have any impact on the current or prior years' statements of income or changes in equity.