Damac Real Estate Development Limited, DIFC
Dubai – United Arab Emirates

Review report and
interim financial information
for the three month period ended
31 March 2016

Damac Real Estate Development Limited, DIFC
Dubai – United Arab Emirates

Table of contents **Pages**

Report on review of interim financial information	**1**
Condensed consolidated statement of financial position	**2**
Condensed consolidated statement of comprehensive income (Unaudited)	**3**
Condensed consolidated statement of changes in equity	**4**
Condensed consolidated statement of cash flows (Unaudited)	**5 – 6**
Notes to the condensed consolidated financial statements	**7 – 23**

Deloitte.

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax: +971 (0) 4 376 8899
www.deloitte.com/middleeast

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Damac Real Estate Development Limited, DIFC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Damac Real Estate Development Limited, DIFC** (the "Company") **and its subsidiaries** (together the "Group") as at 31 March 2016 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 '*Interim Financial Reporting*' ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche

8 May 2016

Anis Sadek (521), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Condensed consolidated statement of financial position
As at 31 March 2016

	Notes	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
ASSETS			
Property and equipment		**16.9**	17.4
Development properties	**6**	**2,562.1**	2,488.1
Other financial assets	**7**	**232.6**	214.6
Trade and other receivables	**8**	**1,046.0**	1,034.9
Financial investments		**40.0**	40.0
Cash and bank balances	**9**	**2,561.9**	2,585.3
Total assets		**6,459.5**	6,380.3
EQUITY AND LIABILITIES			
Equity			
Share capital	**10**	**983.0**	983.0
Statutory reserve		**41.3**	41.3
Group restructuring reserve		**(566.7)**	(566.7)
Retained earnings		**2,503.6**	2,217.8
Total equity		**2,961.2**	2,675.4
Liabilities			
Bank borrowings	**11**	**233.6**	278.9
Sukuk certificates	**12**	**720.8**	745.5
Provision for employees' end-of-service indemnity		**9.4**	9.1
Advances from customers	**13**	**1,336.4**	1,505.6
Trade and other payables	**14**	**1,198.1**	1,165.8
Total liabilities		**3,498.3**	3,704.9
Total equity and liabilities		**6,459.5**	6,380.3

Chief Executive Officer **Director**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Damac Real Estate Development Limited, DIFC
Dubai – United Arab Emirates

Condensed consolidated statement of comprehensive income
For the period ended 31 March 2016

	Notes	1 January to 31 March 2016 (3 months) (Unaudited)	1 January to 31 March 2015 (3 months) (Unaudited) (Restated)
		US$ Million	US$ Million
Revenue	16	**440.5**	661.3
Cost of sales		**(172.0)**	(231.5)
Gross profit		**268.5**	429.8
Other operating income	17	**86.1**	4.2
General, administrative and selling expenses		**(68.4)**	(95.5)
Depreciation		**(1.0)**	(1.1)
Operating profit		**285.2**	337.4
Other income		**4.7**	2.5
Finance income		**7.7**	5.2
Finance costs		**(11.8)**	(9.1)
Profit for the period		**285.8**	336.0
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**285.8**	336.0
Earnings per share			
Basic and diluted (US$)	20	**0.29**	0.52

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity
For the period from 1 January 2016 to 31 March 2016

	Share capital US$ Million	Proposed capital increase US$ Million	Statutory reserve US$ Million	Group restructuring reserve US$ Million	Retained earnings US$ Million	Total US$ Million
Balance at 31 December 2014 (Audited)	650.0	-	41.3	(566.7)	1,309.0	1,433.6
Effect of change in accounting policy (Note 2.3)	-	-	-	-	162.6	162.6
Balance at 1 January 2015 (Audited)	650.0	-	41.3	(566.7)	1,471.6	1,596.2
Total comprehensive income for the period (Unaudited)						
As previously reported (Unaudited)	-	-	-	-	215.8	215.8
Effect of change in accounting policy (Note 22)	-	-	-	-	120.2	120.2
Total comprehensive income for the period (Restated) (Unaudited)	-	-	-	-	336.0	336.0
Issue of new shares	-	150.0	-	-	-	150.0
Dividend paid	-	-	-	-	(150.0)	(150.0)
Balance at 31 March 2015 (Restated) (Unaudited)	**650.0**	**150.0**	**41.3**	**(566.7)**	**1,657.6**	**1,932.2**
Balance at 1 January 2016 (Audited)	983.0	-	41.3	(566.7)	2,217.8	2,675.4
Total comprehensive income for the period (Unaudited)	-	-	-	-	285.8	285.8
Balance at 31 March 2016 (Unaudited)	**983.0**	**-**	**41.3**	**(566.7)**	**2,503.6**	**2,961.2**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows
For the period ended 31 March 2016

	1 January to 31 March 2016 (3 months) (Unaudited)	1 January to 31 March 2015 (3 months) (Unaudited) (Restated)
	US$ Million	US$ Million
Cash flows from operating activities		
Profit for the period	**285.8**	336.0
Adjustments for:		
Depreciation on property and equipment	**1.0**	1.1
Provision for employees' end-of-service indemnity	**0.8**	0.8
Amortisation of issue costs on Sukuk Certificates	**0.3**	0.3
Finance costs	**11.8**	9.1
Finance income	**(7.7)**	(5.2)
Provision for impairment on trade receivables	**-**	16.4
Operating cash flows before changes in operating assets and liabilities	**292.0**	358.5
Increase in trade and other receivables	**(10.3)**	(83.5)
(Increase)/decrease in development properties	**(74.0)**	56.2
Decrease in due to a related party	**-**	(1.5)
Decrease in advances from customers	**(169.2)**	(14.2)
Increase/(decrease) in trade and other payables	**24.4**	(19.9)
Cash generated from operations	**62.9**	295.6
Finance costs paid	**(3.9)**	(1.1)
Interest received	**6.9**	5.2
Employees' end-of-service indemnity paid	**(0.5)**	(0.2)
Net cash generated from operating activities	**65.4**	299.5
Cash flows from investing activities		
Purchases of property and equipment	**(0.5)**	(3.8)
(Increase)/decrease in other financial assets	**(18.0)**	12.9
Decrease/(increase) in deposits with an original maturity of greater than three months	**48.3**	(34.2)
Net cash generated from/(used in) investing activities	**29.8**	(25.1)

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows
For the period ended 31 March 2016 (continued)

	1 January to 31 March 2016 (3 months) (Unaudited)	1 January to 31 March 2015 (3 months) (Unaudited) (Restated)
	US$ Million	US$ Million
Cash flows from financing activities		
(Repayment)/drawdown of bank borrowings – net	**(45.3)**	77.8
Repayment of Sukuk Certificates	**(25.0)**	-
Dividend paid	**-**	(150.0)
Amount received towards proposed capital increase	**-**	150.0
Net cash (used in)/generated from financing activity	**(70.3)**	77.8
Net increase in cash and cash equivalents	**24.9**	352.2
Cash and cash equivalents at the beginning of the period	**2,339.6**	1,456.7
Cash and cash equivalents at the end of the period (Note 9)	**2,364.5**	1,808.9

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016

1. General information

DAMAC Real Estate Development Limited, DIFC (the "Company") was incorporated on 31 October 2013 as a Company Limited by shares (registration number 1476) with the Registrar of Companies of the Dubai International Financial Centre (the "DIFC") under the Companies Law, DIFC Law No. 2. The registered address of the Company is Office No. 206A, Level 2, Park Towers, Dubai International Financial Centre, P.O. Box 2195, Dubai, United Arab Emirates (U.A.E.).

The Company is 100% owned by Damac Properties Dubai Co. PJSC (the "Parent") whose majority shareholder is Mr. Hussain Ali Habib Sajwani (the "Chief Executive Officer").

The Company and its subsidiaries (collectively the "Group") are involved in the development of properties in the Middle East.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to disclosure initiative.
- Amendments to IFRS 11 *Joint Arrangements* relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants.
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 7 *Statement of cash flow* clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
Amendments to IAS 12 relating to recognition of deferred tax assets for unrealised losses	1 January 2017
Finalised version of IFRS 9 [IFRS 9 *Financial Instruments* (2014)] was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018
IFRS 16 *Leases* provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

The application of the finalised version of IFRS 9 may have a significant impact on amounts reported and disclosures made in the Group's condensed consolidated financial statements in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until the Group performs a detailed review.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.3 New and revised IFRSs in issue but not yet effective that has been early adopted

IFRS 15 *Revenue from contracts with customers* was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018, with early adoption permitted. The Group reviewed the impact of IFRS 15 on its revenue from operations and had elected to early adopt it with effect from 1 January 2015. Refer note 3.3.

The Group had opted for modified retrospective application of the standard as permitted by IFRS 15 upon early adoption. Accordingly the standard has been applied to the year ended 31 December 2015 (the initial application period). Modified retrospective application requires the recognition of the cumulative impact of adoption on all contracts that are not yet complete as at 1 January 2015 in the form of an adjustment to the opening balance of retained earnings as at that date.

Adjustments to the consolidated statement of financial position as at 1 January 2015 are detailed below:

	31 December 2014 (Audited) US$ Million	Adjustments/ reclassification (Audited) US$ Million	1 January 2015 (Audited) US$ Million
Assets			
Development properties	2,327.5	(162.5)	2,165.0
Trade and other receivables	742.6	4.1	746.7
Liabilities			
Advances from customers	1,985.1	(321.0)	1,664.1
Equity			
Retained earnings	1,309.0	162.6	1,471.6

Impact of early adoption of IFRS 15 on the condensed consolidated statements of comprehensive income and cash flows for the three month period ended 31 March 2015 are disclosed in Note 22.

3. Summary of significant accounting policies

3.1 Basis of preparation

The condensed consolidated financial statements of the Group are prepared under the historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standard Board (IASB).

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2015.

These condensed consolidated financial statements do not include all the information and disclosure required in full consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015. In addition, results for the period from 1 January 2016 to 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

3.2 Development properties

Properties acquired, or being developed with the intention of sale are classified as development properties. These are stated at the lower of cost and net realisable value.

Cost principally includes the cost of the land and construction cost and all other costs which are necessary to get the properties ready for sale. Net realisable value represents the estimated selling value, based on sales relevant in the year, less costs to be incurred in selling the properties.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.3 Revenue recognition

IFRS 15 *Revenue from contracts with customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when the entity satisfies a performance obligation.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

3. Summary of significant accounting policies (continued)

3.3 Revenue recognition (continued)

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the condensed consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

3.4 Basis of consolidation

The Company consolidated 100% of the operations, assets and liabilities of the subsidiaries (excluding branches) listed below which in total are 78 companies (31 December 2015: 76 companies) (together the "Group"):

Entity	Country of incorporation	Principal activities	Legal interest	Economic interest
Damac Crescent Properties Co LLC	U.A.E.	Real estate development	100%	100%
Damac Luxury Real Estate Properties Co LLC	U.A.E.	Real estate development	100%	100%
Damac Heritage Properties Co LLC	U.A.E.	Real estate development	100%	100%
Damac General Trading LLC	U.A.E.	Holding company	100%	100%
Al Bawader Real Estate LLC	U.A.E.	Sales office	100%	100%
Frontline Investment Management Co. LLC	U.A.E.	Shell company	100%	100%
Al Aman Investment Management Co. LLC	U.A.E.	Holding company	100%	100%
Business Tower Investment LLC	U.A.E.	Real estate development	100%	100%
Damac Enterprises & Management Co. LLC	U.A.E.	Trade marks	100%	100%

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation (continued)

Entity	Country of incorporation	Principal activities	Legal interest	Economic interest
Damac Media And Marketing LLC	U.A.E.	Marketing and public relations	100%	100%
Damac Properties Development Co LLC	U.A.E.	Holding company	100%	100%
Damac Properties Co. LLC	U.A.E.	Holding company	100%	100%
Marina Terrace Co. LLC	U.A.E.	Real estate development	100%	100%
Damac Gulf Properties LLC	U.A.E.	Real estate development	100%	100%
Lake Terrace Co. LLC	U.A.E.	Real estate development	100%	100%
Royal Crown Properties Co. LLC	U.A.E.	Holding company	100%	100%
Damac Star Properties LLC	U.A.E.	Real estate development	100%	100%
Island Oasis Properties LLC	U.A.E.	Real estate development	100%	100%
Damac Crescent Properties LLC	U.A.E.	Real estate development	100%	100%
Damac Development LLC	U.A.E.	Real estate development	100%	100%
Luxury Facilities Management LLC	U.A.E.	Facilities management	100%	100%
Damac Tuscan Residence LLC	U.A.E.	Holding company	100%	100%
Abraj Al Rakhaa Properties Limited	Iraq	Real estate development	100%	100%
Global Properties Company Limited	U.A.E.	Real estate development	100%	100%
Middle East Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Fortune Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Lake View Company Limited	U.A.E.	Real estate development	100%	100%
Damac Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Park Towers Company Limited	U.A.E.	Real estate development	100%	100%
Excel Operations Company Limited	U.A.E.	Holding company	100%	100%
Damac Crown Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Investment & Properties (Jordan) LLC	Jordan	Real estate development	100%	100%
Al-Imaratieh Properties LLC	Jordan	Real estate development	100%	100%
Damac Lebanon SAL (Holding)	Lebanon	Holding company	100%	100%
Damac Properties Lebanon SAL	Lebanon	Real estate development	100%	100%
Damac Properties International Limited	Mauritius	Holding company	100%	100%
Damac Enterprises Co. Ltd	Mauritius	Trade marks	100%	100%
Damac Properties Company Limited	Saudi Arabia	Real estate development	100%	100%
The Waves FZ LLC	U.A.E.	Real estate development	100%	100%
Damac Real Estate Developers FZ LLC	U.A.E.	Real estate development	100%	100%
Damac Properties FZ LLC	U.A.E.	Real estate development	100%	100%
Damac Real Estate Services Co. LLC	U.A.E.	Holding company	100%	100%
Namaa Properties Development LLC	U.A.E.	Real estate development	100%	100%
Damac Homes LLC	U.A.E.	Group treasury operation	100%	100%
Kings Valley Investment Co LLC	U.A.E.	Shell company	100%	100%
Damac Properties Services Co. Shj LLC	U.A.E.	Sales office	49%	100%
Valencia Development Company WLL	Bahrain	Real estate development	100%	100%
Al Hikmah International Enterprises LLC	Qatar	Project development	49%	100%

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation (continued)

Entity	Country of incorporation	Principal activities	Legal interest	Economic interest
Quality Investment Co. LLC	U.A.E.	Shell company	100%	100%
Damac Properties Qatar WLL	Qatar	Holding company	100%	100%
Ocean Pearl Real Estate Company LLC	U.A.E.	Real estate development	100%	100%
Bright India Investments Limited	BVI	Shell company	100%	100%
Luxury Owner Association Management Services Co. LLC	U.A.E.	Facilities management	100%	100%
Majara Investments Limited	BVI	Investment company	100%	100%
Ali Habib Kukar's Real Estate Office	Saudi Arabia	Sales office	100%	100%
Arjann Holdings Limited	BVI	Shell company	100%	100%
Middle East Dubai	Qatar	Shell Company	100%	100%
Premier Vision Property Development	Qatar	Shell company	100%	100%
Heritage Properties	Qatar	Shell company	100%	100%
Alpha Star Holding Limited	Cayman Islands	Holding company	0%	100%
Priority Holding Limited	Cayman Islands	Trust arrangement	100%	100%
Maksab Holding Limited	BVI	Holding company	100%	100%
Malak Al Rafidayn Properties Company Limited	Iraq	Real estate development	100%	100%
Elegance Marketing Co. LLC	U.A.E.	Marketing and public relations	100%	100%
Damac Hotels & Resorts Management LLC	U.A.E.	Hotels management	100%	100%
Tilal Development Holding SAL	Lebanon	Holding company	100%	100%
Blue Eagle Investment Co. LLC	U.A.E.	Trust arrangement	100%	100%
Damac TR Holding Co Ltd	U.A.E.	Holding company	100%	100%
Damac FC Holding Co Ltd	U.A.E.	Holding company	100%	100%
Damac Private Real Estate Management LLC	U.A.E.	Investment company	100%	100%
Damac Business Village LLC	U.A.E.	Sales office	100%	100%
Damac World Real Estate LLC	U.A.E.	Sales office	100%	100%
Alpha Star Holding II Limited	Cayman Islands	Trust arrangement	0%	100%
Damac Canal One Property Development LLC	U.A.E.	Real estate development	100%	100%
Damac Canal Two Property Development LLC	U.A.E.	Real estate development	100%	100%
JA Parks LLC	U.A.E.	Real estate development	100%	100%
Guangzhou Advance Consulting Service Limited *	China	Sales office	100%	100%
Damac Luxury Vacation Club LLC *	U.A.E.	Vacation homes rental	100%	100%

* These are newly incorporated entities that became part of the Group during the period.

There are certain entities included in the table above for which the Group's legal ownership has been less than 100%. These are entities whose shares have been held for and on behalf of the Parent and for each such entity the Parent's economic interest is 100%.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation (continued)

The beneficial ownership of the above entities is with the Group either directly or indirectly through beneficial ownership agreements. All balances and transactions between Group entities consolidated in these consolidated financial statements have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies.

3.5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2015.

4. Critical accounting judgements and key sources of estimation of uncertainty

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5. Segment analysis

Information reported to the Board for the purpose of the resource allocation and assessment of performance is primarily determined by the nature of the different activities that the Group engages in, rather than the geographical location of these operations. The Group currently comprises a single reportable operating segment, being property development.

Geographic information for the Group is split between operations in the UAE "Domestic" and operations in other jurisdictions "International".

	1 January to 31 March 2016 (3 months) (Unaudited)	1 January to 31 March 2015 (3 months) (Unaudited) (Restated)
	US$ Million	US$ Million
Revenue		
Domestic	**440.0**	655.8
International	**0.5**	5.5
	440.5	661.3

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

5. Segment analysis (continued)

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Development properties		
Domestic	**2,078.0**	2,012.2
International	**484.1**	475.9
	2,562.1	2,488.1

6. Development properties

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Balance at the beginning of the period/year	**2,488.1**	2,165.0
Additions during the period/year	**245.7**	1,266.1
Transfer to cost of sales during the period/year	**(171.7)**	(943.0)
Balance at the end of the period/year	**2,562.1**	2,488.1

Assets held as development properties

The development properties balance includes land plots for future development, properties under development and completed units held in inventory. The balances above are split into these categories as follows:

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Land held for future development	**341.7**	469.5
Properties under development	**2,061.6**	1,847.2
Completed properties	**158.8**	171.4
	2,562.1	2,488.1

No borrowing costs have been capitalised to development properties.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

7. Other financial assets

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Escrow retention accounts	**228.5**	210.4
Margin deposits	**2.2**	2.3
Other	**1.9**	1.9
	232.6	214.6

In accordance with applicable laws, the Group holds funds under escrow in Real Estate Regulatory Authority ("RERA") authorised bank accounts. These funds must be held in these escrow accounts for a fixed period of one year after completion of the relevant development properties, at which point they are released to the Group. These funds carry interest at commercial rates.

At 31 March 2016, margin deposits are held by banks under lien against credit facilities issued to the Group and carry interest at commercial rates.

8. Trade and other receivables

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Trade receivables	**843.8**	857.4
Provision for impairment on trade receivables	**(54.1)**	(54.1)
	789.7	803.3
Advances and deposits	**239.2**	218.0
Other receivables and prepayments	**17.1**	13.6
	1,046.0	1,034.9

Trade receivables represent amounts outstanding that are yet to be collected at the reporting date. Customers are allowed 30 days from each invoice date to settle outstanding dues.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

9. Cash and bank balances

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Cash on hand	**0.7**	3.9
Cash held in escrow	**2,119.8**	2,298.2
Bank balances	**36.3**	22.3
Fixed deposits	**405.1**	260.9
Cash and bank balances	**2,561.9**	2,585.3
Less: Fixed deposits with an original maturity of greater than three months	**(197.4)**	(245.7)
Cash and cash equivalents	**2,364.5**	2,339.6

Cash held in escrow represents cash received from customers which is held with banks authorised by the Real Estate Regulatory Authority ("RERA"). Use of this cash is restricted to the specific development properties to which the cash receipts relate and, hence is considered as cash and cash equivalents.

10. Share capital

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Authorised, issued and fully paid shares of US$ 1 each	**983.0**	983.0

11. Bank borrowings

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Bank loans	**195.9**	201.5
Overdrafts	**37.7**	77.4
	233.6	278.9

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

11. Bank borrowings (continued)

Banks and financial institutions

The Group has borrowings under various loan arrangements with a number of banks and financial institutions. These institutions provide the Group with term loans and overdraft facilities.

The Group has the following unsecured interest-bearing loans and borrowings:

- US$ 40 million (AED 147 million) term loan facility with a commercial bank bearing interest at 3 months LIBOR plus 3.25% per annum, fully repayable by 2016. Out of this US$ 20 million (AED 74 million) was repaid as at 31 March 2016.
- US$ 75 million (AED 275 million) revolving term loan facility with a commercial bank bearing interest at 3 months LIBOR plus 3.75% per annum, repayable by 2016.
- US$ 13.6 million (AED 50 million) term loan with a commercial bank bearing interest at 3 months EIBOR plus 3.5% per annum, repayable by 2018. Out of this, US$ 2.3 million (AED 8 million) was repaid as at 31 March 2016.
- US$ 95.2 million (AED 350 million) Ijarah facility with a commercial bank at a profit rate of 3 months EIBOR plus 3.5% per annum, repayable by 2017. Out of this US$ 17.9 million (AED 66 million) was repaid as at 31 March 2016.
- US$ 12.2 million (AED 45 million) revolving term loan facility with a commercial bank at a profit rate of 6 months EIBOR plus 4% per annum, repayable by 2017.

The repayment profile of the above bank borrowings is as follows:

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
On demand within one year	**149.5**	176.9
In the second year	**84.1**	102.0
	233.6	278.9

12. Sukuk certificates

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Sukuk certificates	**725.0**	750.0
Unamortised issue costs	**(4.2)**	(4.5)
Carrying amount	**720.8**	745.5

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

12. Sukuk certificates (continued)

- On 9 April 2014, the Group issued US$ 650 million SUKUK TRUST CERTIFICATES (the "Certificates") maturing in 2019. Alpha Star Holding Limited is the Issuer and Trustee with the Company as Guarantor. The Certificates are listed on the Irish Stock Exchange and NASDAQ Dubai. The Certificates confer on the holders of the Certificates from time to time (the ''Certificateholders'') the right to receive certain payments arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the ''Trust'') over certain Trust Assets and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders pro rata according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates.

  The Certificates carry interest at 4.97% per annum and are secured by assigned trust assets.

- On 21 September 2015, the Group issued US$ 100 million SUKUK TRUST CERTIFICATES maturing in 2017. Alpha Star Holding II Limited is the Issuer and Trustee with the Company as Guarantor. The Sukuk was fully subscribed by a UAE financial institution. The Certificates represent the right to receive certain payments arising from an undivided ownership interest in the Trust Assets declared by the Trustee pursuant to the Declaration of Trust.

  The Trust Certificates are secured by the assigned trust assets and carry interest at three months LIBOR plus 3.25% per annum.

13. Advances from customers

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Balance at the beginning of the period/year	**1,505.6**	1,664.1
Amount billed during the period/year	**352.8**	2,289.6
Revenue recognised during the period/year	**(437.0)**	(2,317.5)
Other income recognised during the period/year	**(85.0)**	(130.6)
Balance at the end of the period/year	**1,336.4**	1,505.6

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

14. Trade and other payables

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Accruals	**258.6**	238.1
Other payables	**207.8**	184.9
Retentions payable	**177.5**	166.6
Deferred consideration for land payments	**554.2**	576.2
	1,198.1	1,165.8

15. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges which are substantially the same terms as those prevailing at the same time for comparable transactions with third parties. Pricing policies and terms of all transactions are approved by the management.

Nature of significant related party transactions and amounts involved are as follows:

	1 January to 31 March 2016 (3 months) (Unaudited) US$ Million	1 January to 31 March 2015 (3 months) (Unaudited) US$ Million
Construction works executed *(i)*	**(6.4)**	(0.5)
Support services fees *(ii)*	**0.9**	-

(i) Construction works executed

During the period, the Group utilised construction services worth US$ 6.4 million (2015: US$ 0.5 million) from Draieh Contracting LLC, an entity under the control of the Chief Executive Officer.

(ii) Support services fees

During the period, the Group received US$ 0.9 million towards support services rendered to Damac International Limited and DICO Investment Co. LLC, both related entities under the control of the Chief Executive Officer.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

15. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	1 January to 31 March 2016 (3 months) (Unaudited) US$ Million	1 January to 31 March 2015 (3 months) (Unaudited) US$ Million
Short term employee benefits	**0.9**	1.1
Termination benefits – EOSB	**0.1**	0.1
	1.0	1.2

16. Revenue

	1 January to 31 March 2016 (3 months) (Unaudited) US$ Million	1 January to 31 March 2015 (3 months) (Unaudited) (Restated) US$ Million
Constructed units	**361.0**	353.8
Sale of land	**79.5**	307.5
	440.5	661.3

17. Other operating income

	1 January to 31 March 2016 (3 months) (Unaudited) US$ Million	1 January to 31 March 2015 (3 months) (Unaudited) US$ Million
Income from cancellation of units	**85.0**	-
Penalties from overdue customers	**1.0**	4.1
Unit registration and transfer fees	**0.1**	0.1
	86.1	4.2

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

18. Contingent liabilities

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Bank guarantees	**302.0**	289.2

The Group has contingent liabilities in respect of bank guarantees issued in the normal course of business from which it is anticipated that no material liabilities will arise as at 31 March 2016.

19. Commitments

Commitments for the acquisition of services for the development and construction of assets classified under developments in progress:

	31 March 2016 (Unaudited) US$ Million	31 December 2015 (Audited) US$ Million
Contracted for	**1,874.1**	2,017.8

20. Earnings per share

The basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the period. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

	1 January to 31 March 2016 (3 months) (Unaudited)	1 January to 31 March 2015 (3 months) (Unaudited) (Restated)
Profit for the period (US$ million)	**285.8**	336.0
Weighted average number of ordinary shares (Million)	**983.0**	650.0
Earnings per ordinary share – basic and diluted (US$)	**0.29**	0.52

21. Dividend

A cash dividend equal to US$ 0.25 per share amounting to US$ 246.9 million for the year ended 31 December 2015 was proposed by the Board of Directors and approved by the shareholders in the annual general meeting on 14 April 2016.

Notes to the condensed consolidated financial statements
For the period from 1 January 2016 to 31 March 2016 (continued)

22. Comparative figures

In accordance with the requirements of IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, certain items have been reclassified in the condensed consolidated statements of comprehensive income and cash flows for the three month period from 1 January 2015 to 31 March 2015, as previously reported:

Extract of condensed consolidated statement of comprehensive income (Unaudited):

	As previously reported US$ Million	*Impact of early adoption of IFRS 15 US$ Million*	*Reclassification US$ Million*	*Restated US$ Million*
Revenue	485.9	175.4	-	661.3
Cost of sales	(176.3)	(55.2)	-	(231.5)
General administrative and selling expenses	(79.5)	-	(16.0)	(95.5)
Brokerage and commission	(16.0)	-	16.0	-
Profit for the period	215.8	120.2	-	336.0

Extract of condensed consolidated statement of cash flows (Unaudited):

	As previously reported US$ Million	*Impact of early adoption of IFRS 15 US$ Million*	*Reclassification US$ Million*	*Restated US$ Million*
Operating activities - extract				
Profit for the period	215.8	120.2	-	336.0
Operating cash flows before changes in operating assets and liabilities	238.3	120.2	-	358.5
Increase in trade and other receivables	(73.2)	(10.3)	-	(83.5)
Decrease/(increase) in trade and other payables	131.0	-	(150.9)	(19.9)
Decrease in advances from customers	-	(165.1)	150.9	(14.2)
Decrease in development properties	1.0	55.2	-	56.2

23. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements for the period ended 31 March 2016 was approved by the Board and authorised for issue on 8 May 2016.