رأس الخيمة العقارية
RAKPROPERTIES

Ref: RAKP/LA/037/2015
Date: 02nd May 2015

Mr. Saif Sayah Al-Mansuori
Head of Listing Companies Dept
Abu Dhabi Securities Exchange Market

Dear Sir:

Subject: Results of RAK Properties BOD Meeting held on 02nd May 2015

Pursuant to our letter dated 27th April 2015 , we would like to inform you that the company's BOD held its meeting at 10:30 am on Saturday 2015 , in RAS Al Khaimah , and discussed the items set out on the agenda, the results of the meeting are as follows :

Approval of the audited financial Statements for the first quarter 2015 ended 31st March 2015 (copy of the reviewed financials along with the BOD report are enclosed herewith)

Approval of some administrative matters that have no effect on the share price

Best Regards,

Mohammed Sultan Al Qadi
Managing Director &CEO

المرجع: RAKP/LA/037/2015
التاريخ 2015/05/02

السيد/ سيف صياح المنصوري المحترم
رئيس إدارة إدراج الشركات
سوق أبو ظبي للأوراق المالية

تحية طيبة وبعد،،،

الموضــوع: نتائج إجتماع مجلس ادارة شركة رأس الخيمة العقارية المنعقد بتاريخ 2015/05/02

بالإشارة الى كتابنا المؤرخ 2015/04/27 ، نرجوا التكرم بالاحاطة بأن مجلس الادارة قد إجتمع في تمام الساعة العاشرة والنصف صباحاً وذلك يوم السبت الموافق 2015/05/02 برأس الخيمة ، حيث تم مناقشة البنود المدرجة على جدول الأعمال ، وفيما يلي نتائج الاجتماع:

الموافقــة علــى النتــائج الماليــة المدققــة للربــع الأول مــن الســنة الماليــة 2015 والمنتهــي فــي 2015/03/31 (مرفــق نســخة عنهــا طيــاً) إضــافة الــى تقرير مجلس الإدارة)

اتخاذ بعض القرارات الادارية الاعتيادية الأخرى التي لا تأثير لها على سعر السهم وحركته في السوق

و تفضلوا بقبول فائق التقدير و الإحترام

رأس الخيمة العقارية
RAKPROPERTIES

محمد سلطان القاضي
العضو المنتدب / الرئيس التنفيذي

ص.ب: ٣١١١٣، رأس الخيمة، إ.ع.م. هاتف: ٢٢٨٤٧٧٧ ٧ ٩٧١+، فاكس: ٢٢٧٢٤٤٤ ٧ ٩٧١+
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building closer to nature

RAKPROPERTIES
رأس الخيمة العقارية

DIRECTORS REPORT FOR THE THREE MONTH ENDED 31ST MARCH 2015

On behalf of the board of Directors of RAK Properties PJSC, I present the Financials Statements of for the three month period ended 31th March 2015.

RAK Properties achieved a net profit of AED 14.86 million for the first quarter 2015 (2014 AED 42 million). Total assets of the Group is AED 4.7 billion.

Brief summary of the financial as follows:

AED' 000

Description	**March 31 2015**	**March 31 2014**
Income statement for the 1st quarter		
Revenue	46,754	85,735
Cost of Revenue	(24,280)	(52,887)
Gross Profit	**22,474**	**32,848**
Operating Profit	**14,445**	**24,907**
Net Profit	**14,855**	**42,174**

Financial position as on	**March 31 2015**	**December 31 2014**
Noncurrent assets	3,697,219	3,673,311
Current assets	1,032,355	1,046,541
Total assets	**4,729,574**	**4,719,852**
Noncurrent liabilities	675,197	769,231
Current liabilities	424,720	232,819
Total equity	3,629,657	3,717,802
Total equity & liabilities	**4,729,574**	**4,719,852**

PO. Box 31113, Ras Al Khaimah, UAE, Tel +971 2 2284777, Fax +971 7 2272444

RAKPROPERTIES
رأس الخيمة العقارية

Projects under development

During this period the development on the Flamingo villas (124 villas) and Bermuda villas (157 villas) has been in progress. These projects will be handed over during 4th quarter 2015 and 2nd quarter 2016 respectively. The Flamingo Villas revenue will be recognized in the 4th Quarter 2015

Future projects:

There are number of projects in the Hospitality, Residential and Commercial segment, to name few high end luxury resort hotel villas and town houses and a Marina in the Mina Al Arab Flag ship project and Julphar Residences in the Reem Island,

During the period the Group declared AED 100 million (5% of the share capital) as dividend for the year 2014 in its AGM held during March 2015 (2014 AED 100 million for year 2013)

Mohammad Sultan Al Qadi
Managing Director and CEO

RAK PROPERTIES P.J.S.C.
AND SUBSIDIARIES

Review report and consolidated interim financial information for the three months period ended 31 March 2015

RAK PROPERTIES P.J.S.C. AND SUBSIDIARIES

Review report and consolidated interim financial information for the three months period ended 31 March 2015

Contents **Pages**

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REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors
RAK Properties P.J.S.C.
Ras Al Khaimah
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **RAK Properties P.J.S.C. (the "Company") and its Subsidiaries (together the "Group")** as at 31 March 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34, *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this consolidated 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 consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, *"Interim Financial Reporting"*.

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386
2 May 2015

Condensed consolidated statement of financial position
At 31 March 2015

	Notes	31 March 2015 AED '000 (Unaudited)	31 December 2014 AED '000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	**414,138**	416,330
Investment properties	5	**1,657,365**	1,657,365
Investment properties under development	6	**268,858**	267,016
Trading properties under development	7	**908,886**	884,628
Investments	8	**380,244**	380,244
Advances		**67,728**	67,728
Total non-current assets		**3,697,219**	3,673,311
Current assets			
Investments	8	**34,017**	34,603
Advances		**78,208**	64,335
Trading properties	9	**494,229**	513,224
Trade and other receivables		**122,043**	129,756
Bank balances and cash	10	**303,858**	304,623
Total current assets		**1,032,355**	1,046,541
Total assets		**4,729,574**	4,719,852

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

Condensed consolidated statement of financial position (continued)
At 31 March 2015

	Notes	31 March 2015 AED '000 (Unaudited)	31 December 2014 AED '000 (Audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	2,000,000	2,000,000
Statutory reserve	12	1,000,000	1,000,000
General reserve	13	524,153	524,153
Cumulative changes in fair value of available – for-sale investments		28,920	28,920
Retained earnings		76,584	164,729
Total equity		3,629,657	3,717,802
Non-current liabilities			
Provision for employees' end of service indemnity		3,307	3,148
Borrowings	15	-	91,850
Deferred government grants	5	570,902	570,902
Advances from customers		100,988	103,331
Total non-current liabilities		675,197	769,231
Current liabilities			
Borrowings	15	92,726	12,126
Advances from customers		2,927	5,921
Trade and other payables		329,067	214,772
Total current liabilities		424,720	232,819
Total liabilities		1,099,917	1,002,050
Total equity and liabilities		4,729,574	4,719,852

Mohammad Sultan Al Qadi
Managing Director

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

Consolidated statement of income (unaudited)
for the three months period ended 31 March 2015

	Notes	Three months period ended 31 March 2015 AED '000	2014 AED '000
Revenue	16	**46,754**	85,735
Cost of revenue		**(24,280)**	(52,887)
Gross profit		**22,474**	32,848
Other operating income – net		**691**	857
General and administrative expenses		**(8,720)**	(8,798)
Operating profit		**14,445**	24,907
Gain on sale of investments		**-**	10,602
Net change in fair value of investments at fair value through profit or loss		**(586)**	6,734
Dividend income		**591**	-
Finance income		**1,327**	1,398
Finance expenses		**(922)**	(1,467)
Profit for the period		**14,855**	42,174
Basic earnings per share for the period (AED)	17	**0.007**	0.02

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

Condensed consolidated statement of comprehensive income (unaudited)
for the three months period ended 31 March 2015

	Three months period ended 31 March	
	2015	2014
	AED'000	AED'000
Profit for the period	**14,855**	42,174
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Board of Directors' remuneration	**(3,000)**	(2,000)
Total comprehensive income for the period	**11,855**	40,174

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

Condensed consolidated statement of changes in equity for the three months period ended 31 March 2015

	Share capital	Statutory reserve	General reserve	Cumulative changes in fair value of AFS financial assets	Retained earnings	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 31 December 2013 (audited)	2,000,000	297,267	211,312	-	1,126,560	3,635,139
Profit for the period	-	-	-	-	42,174	42,174
Other comprehensive loss for the period	-	-	-	-	(2,000)	(2,000)
Total comprehensive income for the period	-	-	-	-	40,174	40,174
Transfer to reserves (Note 12 & 13)	-	702,733	297,267	-	(1,000,000)	-
Dividends (Note 14)	-	-	-	-	(100,000)	(100,000)
Balance at 31 March 2014 (unaudited)	2,000,000	1,000,000	508,579	-	66,734	3,575,313
Balance at 31 December 2014 (audited)	2,000,000	1,000,000	524,153	28,920	164,729	3,717,802
Profit for the period	-	-	-	-	14,855	14,855
Other comprehensive loss for the period	-	-	-	-	(3,000)	(3,000)
Total comprehensive income for the period	-	-	-	-	11,855	11,855
Dividends (Note 14)	-	-	-	-	(100,000)	(100,000)
Balance at 31 March 2015 (unaudited)	**2,000,000**	**1,000,000**	**524,153**	**28,920**	**76,584**	**3,629,657**

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

Condensed consolidated statement of cash flows (unaudited)
for the three months period ended 31 March 2015

	Three months period ended 31 March	
	2015	2014
	AED '000	AED '000
Cash flows from operating activities		
Profit for the period	14,855	42,174
Adjustments for:		
Depreciation of property and equipment	2,609	2,438
Finance expenses/(income) – net	(405)	69
Dividend income	(591)	-
Net change in fair value of investments at fair value through profit or loss	586	(6,734)
Gain on disposal of investments	-	(10,602)
Provision for employees' end of service indemnity	204	133
Operating cash flows before changes in operating assets and liabilities	17,258	27,478
Decrease in trading properties	18,995	48,092
Increase in trading properties under development	(23,972)	(6,260)
Decrease /(increase) in trade and other receivables	9,360	(36,997)
(Increase)/decrease in advances	(13,873)	713
Increase in trade and other payables	15,073	1,874
Decrease in advances from customers	(5,337)	(23,548)
Cash generated from operating activities	17,504	11,352
Employees' end of service indemnity paid	(45)	(37)
Net cash generated from operations	17,459	11,315
Cash flows from investing activities		
Purchase of property and equipment	(417)	(180)
Interest income received	171	188
Dividend income received	100	
Proceed from disposal of investments	-	20,549
(Increase)/decrease in investment properties under development	(1,842)	5,627
Net cash (used in)/generated from investing activities	(1,988)	26,184
Cash flows from financing activities		
Dividend paid	(389)	(918)
Decrease in bank overdraft	(11,250)	(64,569)
Interest paid	(1,208)	(2,446)
Board of Directors' remuneration	(3,000)	(2,000)
Net cash used in financing activities	(15,847)	(69,933)
Net decrease in cash and cash equivalents	(376)	(32,434)
Cash and cash equivalents at the beginning of the period	3,251	32,983
Cash and cash equivalents at the end of the period (Note 19)	2,875	549

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

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015

1. General information

RAK Properties P.J.S.C. (the "Company") is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Market. The registered head office of the Company is P.O. Box 31113, Ras Al Khaimah, United Arab Emirates.

The condensed consolidated financial statements as at and for the three months period ended 31 March 2015 comprise the financial statement of the Company and its subsidiaries, (together referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management and related services.

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 2015, have been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current period and prior year but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
• Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (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

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
• IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
• IFRS 9 Financial Instruments (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2018

IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

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.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.

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 (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 14 Regulatory Deferral Accounts issued in January 2014 specifies the financial reporting requirements for 'regulatory deferral account balance that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.	1 January 2016
• IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: ▪ Step 1: Identify the contract(s) with a customer. ▪ Step 2: Identify the performance obligations in the contract. ▪ Step 3: Determine the transaction price. ▪ Step 4: Allocate the transaction price to the performance obligations in the contract. ▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2017
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7 and IAS 19 and IAS 34	1 January 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interest in Joint Operations	1 January 2016

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (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 (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016

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 and IFRS 15, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

The application of IFRS 9 and IFRS 15 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated financial statements in respect of revenue from contracts with customers and Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, *"Interim Financial Reporting"* and also comply with the applicable requirements of the laws in the U.A.E.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED in thousands) since that is the currency in which the majority of the Group's transactions are denominated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

The accounting policies, presentation and methods in these condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2014 except for the adoption of the new IFRSs which became effective as of 1 January 2015.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2014. In addition, results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

The accounting policies in respect of property and equipment, investment properties, investment properties under development, trading properties under development, trading properties and investments disclosed in the annual audited consolidated financial statements for the year ended 31 December 2014 are stated below as required by Securities and Commodities Authority notification dated 12 October 2008.

3.2 Property and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Percentage
Buildings	4 - 5
Other assets	10 - 25

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

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

3. Summary of significant accounting policies (continued)

3.3 Investment properties

Investment properties are properties, held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

3.4 Investment properties under development

Investment properties under development that are being constructed or developed for future use as investments properties are measured initially at cost including all direct costs attributable to the design and construction of the properties including related staff costs. Subsequent to initial recognition, investment properties under development is measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the profit or loss in the period in which they arise. Upon completion of construction or development, such properties are transferred to investment properties.

3.5 Trading properties under development

Properties in the process of construction or development for the purpose of sale on completion are classified as trading properties under development. They are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties under development is determined on the basis of specific identification of their individual costs. The classification of trading properties under development as current and non-current depends upon the expected date of their completion.

3.6 Trading properties

Properties either acquired or developed for the purpose of sale in ordinary course of business are classified as trading properties. These properties are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost of trading properties under development is determined on the basis of specific identification of their individual costs.

3.7 Investments

3.7.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.7 Investments (continued)

3.7.1 Financial assets at FVTPL (continued)

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the condensed consolidated statement of comprehensive income.

3.7.2 Available-for-sale financial assets (AFS financial assets)

The Group has investments that are not traded in an active market and are classified as AFS financial assets and stated at fair value because management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair values with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair values is reclassified to profit or loss.

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

3.7.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. Where the Group decides to sell other than an insignificant amount of held-to-maturity assets, the entire category is considered to be tainted and reclassified as available-for-sale.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.8 Basis of consolidation

The condensed consolidated financial statements of RAK Properties P.J.S.C (the "Company") and Subsidiaries (the "Group") incorporate the financial statements of the Company and the enterprise controlled by the Company (its Subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

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

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

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

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.8 Basis of consolidation (consolidation)

3.8.1 Subsidiaries:

Details of the Company's subsidiaries at 31 March 2015 are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest
RAK Properties International Limited	United Arab Emirates	100%
RAK Properties Tanzania Limited	Tanzania	100%
Dolphin Marina Limited	Tanzania	100%

RAK Properties Tanzania Limited, Tanzania, is a subsidiary of RAK Properties International Limited and Dolphin Marina Limited, Tanzania, is a subsidiary of RAK Properties Tanzania Limited, Tanzania.

The principal activities of the subsidiaries are real estate investment and property management activities.

4. Property and equipment

Property and equipment mainly comprises land and buildings that are located in United Arab Emirates.

5. Investment properties

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Inside U.A.E.	**1,639,333**	1,639,333
Outside U.A.E.	**18,032**	18,032
Value at the end of the period/year	**1,657,365**	1,657,365

During 2011, the Group has accounted for remaining portion of land granted as deferred Government grant at an aggregate value of AED 571 million with a corresponding increase to investment properties and trading properties under development. This deferred Government grant will be released to the condensed consolidated statement of income on the fulfilment of the conditions stipulated by the Government.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

6. Investment properties under development

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Balance at beginning of the period/year	**267,016**	351,172
Cost incurred	**1,842**	4,716
Transferred to property and equipment	-	(44,734)
Transferred to trading properties under development	-	(44,138)
Balance at end of the period/year	**268,858**	267,016

Investment properties under development are located in United Arab Emirates.

7. Trading properties under development

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Inside U.A.E.	**876,216**	851,958
Outside U.A.E.	**32,670**	32,670
Balance at the end of the period/year	**908,886**	884,628

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

8. Investments

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
The details of the Group's investments are as follows:		
Non-current investments		
Available-for-sale		
Investments within United Arab Emirates		
Unquoted private equity investments	**251,497**	251,497
Unquoted funds	**15,256**	15,256
	266,753	266,753
Investments outside United Arab Emirates		
Unquoted private equity investments	**130,499**	130,499
Unquoted funds	**282,649**	282,649
	413,148	413,148
Gross value for non-current investments	**679,901**	679,901
Less: Provision for impairment	**(310,679)**	(310,679)
	369,222	369,222
Held to maturity investment		
Unquoted debt instrument placed outside United Arab Emirates	**11,022**	11,022
Total non-current investments	**380,244**	380,244
Current investments – FVTPL		
Quoted equity securities inside U.A.E.	**24,978**	25,514
Unquoted investments outside U.A.E.	**9,039**	9,089
Balance at end of the period/year	**34,017**	34,603

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

9. Trading properties

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Balance at beginning of the period/year	**513,224**	673,665
Cost of properties sold	**(18,995)**	(160,441)
Balance at end of the period/year	**494,229**	513,224

All trading properties are located in United Arab Emirates.

10. Bank balances and cash

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Cash in hand	**8**	20
Bank balances:		
Current accounts	**736**	569
Current accounts – unclaimed dividends	**50,983**	51,372
Call accounts	**2,131**	2,662
Term deposits	**250,000**	250,000
	303,858	304,623

Current accounts – unclaimed dividends should be utilised only for the payment of dividend and should not be used for any other purposes. The dividends for 2014 amounting to AED 100,000 thousand were transferred to this current account subsequent to 31 March 2015.

Fixed deposit amounting to AED 250 million is under lien against bank overdraft facility. At 31 March 2015, outstanding balance in the bank overdraft amounting to AED 876 thousand (31 December 2014: AED 12,126 thousand) (Note 15).

Bank balances and cash are maintained in United Arab Emirates.

11. Share capital

The authorised issued and fully paid up share capital of the Company is AED 2 billion (31 December 2014: AED 2 billion) divided into 2 billion shares with par value of AED 1 each.

12. Statutory reserve

In accordance with United Arab Emirates Federal Commercial Companies Law No. 8 of 1984 (as amended), and Article 57 (1) the Company's Articles of Association, 10% of net profit for the year is required to be transferred to statutory reserve till the reserve reaches 50% of Company's paid up capital. At the annual general meeting held on 13 March 2014, the shareholders approved to transfer an amount of AED 702,733 thousand from retained earnings to statutory reserve. The reserve is not available for distribution except in the circumstances stipulated by the law.

13. General reserve

In accordance with Article 57 (2) of the Company's Articles of Association, 10% of the net annual profit is transferred to the general reserve. The transfer to general reserve shall cease by decision of the ordinary general meeting as recommended by the Board of Directors or if general reserve reaches 50% of the Company's paid-up share capital. General reserve shall be used for the purposes decided by the ordinary general meeting upon the suggestion of the Board of Directors.

At the annual general meeting held on 13 March 2014, the shareholders approved to transfer an amount of AED 297,267 thousand from retained earnings to general reserve.

14. Dividends

At the annual general meeting held on 19 March 2015, the Shareholders approved a cash dividend of 5% amounting to AED 100,000 thousand for 2014 (2013: 5%, AED 100,000 thousand). The dividends for 2014 were approved by the shareholders before the period ended 31 March 2015 and accordingly, the amount is reflected as a liability in these condensed consolidated financial statements (Note 10).

15. Borrowings

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Non-current liabilities:		
Term loans	-	91,850
Current liabilities		
Term loans	**91,850**	-
Bank overdraft	**876**	12,126
	92,726	12,126

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

15. Borrowings (continued)

The Group has obtained unsecured term loans from Investment and Development Office (IDO), Government of Ras Al Khaimah amounting to AED 92 million (USD 25 million) in 2011; and is repayable entirely in one bullet installment in 2016. This loan carries a fixed interest rate of 4.95% and the interest is payable on a quarterly basis. The amount outstanding at the reporting date is AED 92 million (2014: AED 92 million).

The Group obtained overdraft facility of AED 350 million from a commercial bank. Interest on overdraft will be computed at 0.55% over the fixed rate up to the fixed deposit amount, and overdraft balance exceeding the deposit balance will be charged at the bank's base rate less 5% per annum.

The overdraft facility of the Group is secured by:

- Lien over fixed deposit for AED 250 million held with the bank in the name of the borrower;
- Undertaking to deposit all sale proceeds from the sale of properties in Mina Al Arab project in the overdraft account; and
- Undertaking to cover any excess over the sanctioned facilities from the Company's own sources.

16. Revenue

	Three months period ended 31 March	
	2015	2014
	AED '000	AED '000
	(unaudited)	(unaudited)
Sale of properties	**24,360**	57,675
Forfeiture income	**9,786**	17,942
Facility management fee	**5,951**	4,985
Rental income	**6,657**	5,133
	46,754	85,735

17. Basic earnings per share

	Three months period ended 31 March	
	2015	2014
	(unaudited)	(unaudited)
Profit for the period (in AED '000)	**14,855**	42,174
Number of shares (in '000)	**2,000,000**	2,000,000
Basic earnings per share (in AED)	**0.007**	0.02

Basic earnings per share is calculated by dividing the profit for the period by the number of shares outstanding at the end of the reporting period.

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

18. Related party transactions

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Group has a related party relationship with Government of Ras Al Khaimah, its shareholders, directors and executive officers, (including business entities over which they can exercise significant influence or which can exercise significant influence over the Group).

Balance due from/(due to) related parties are as follows:

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Term deposits	**250,000**	250,000
Term loan	**(91,850)**	(91,850)
Bank overdraft	**(876)**	(12,126)

During the period, the Group entered into the following transactions with related parties:

	Three months period ended 31 March	
	2015 AED '000 (unaudited)	2014 AED '000 (unaudited)
Key management remuneration:		
Salaries and benefits	**4,237**	3,365
End of service benefits	**87**	115
	4,324	3,480
Directors sitting fees	**630**	285
Directors remuneration	**3,000**	2,000
Interest income on term deposits	**1,156**	1,250
Interest expenses on term loan	**1,137**	1,137
Interest expenses on bank overdraft	**47**	223

Other related party transactions

The Government of Ras Al Khaimah has granted certain plots of land with an aggregate area of 67.1 million square feet on the condition that these lands undergo development. Out of these, the Group did not recognise 0.175 million square feet in these condensed consolidated financial statements as the development work has not commenced on these plots of land as at 31 March 2015.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

19. Cash and cash equivalents

	31 March 2015 AED '000 (unaudited)	31 March 2014 AED '000 (unaudited)
Bank balances and cash – net	**303,858**	292,448
Current accounts – unclaimed dividends	**(50,983)**	(41,899)
Term deposits with maturity more than three months	**(250,000)**	(250,000)
	2,875	549

20. Commitments and contingent liabilities

Commitments relating to the property development are as follows:

	31 March 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Approved and contracted	**204,299**	242,116
Approved but not contracted	**320,953**	321,660

The Group has a two legal cases with a contractor. The management in consultation with the external lawyer have reviewed the status of the legal case and concluded that no provision needs to be maintained against the above other than the liability considered in the condensed consolidated financial statements.

21. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

21. Fair value measurements (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2014.

Financial assets	Fair value as at 31 March 2015 (unaudited) AED'000	31 December 2014 (audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Available for sale						
Unquoted private equity investments and funds	**679,901**	679,901	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	**24,978**	25,514	Level 1	Quoted bid prices in an active market.	None	NA
Unquoted investments	**9,039**	9,089	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value	Higher the net assets value of the investees, higher the fair value.

21. Fair value measurements (continued)

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial and non- financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 (unaudited) AED '000	**Level 2 (unaudited) AED '000**	**Level 3 (unaudited) AED '000**	**Total (unaudited) AED '000**
31 March 2015				
Available-for-sale				
Unquoted equities and funds (Gross value)	-	-	**679,901**	**679,901**
Financial assets carried at FVTPL				
Assets held for trading	**24,978**	-	**9,039**	**34,017**
Investment properties	-	-	**1,657,365**	**1,657,365**
Investment properties under development	-	-	**268,858**	**268,858**
	24,978	-	**2,615,163**	**2,640,141**

	Level 1 (audited) AED '000	Level 2 (audited) AED '000	Level 3 (audited) AED '000	Total (audited) AED '000
31 December 2014				
Available-for-sale				
Unquoted equities and funds (Gross value)	-	-	679,901	679,901
Financial assets carried at FVTPL				
Assets held for trading	25,514	-	9,089	34,603
Investment properties	-	-	1,657,365	1,657,365
Investment properties under development	-	-	267,016	267,016
	25,514	-	2,613,371	2,638,885

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

22. Seasonality of results

Dividend income of AED 591 thousand for the three months period ended 31 March 2015 (Three months period ended 31 March 2014: Nil), which is of a seasonal nature.

23. Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 2 May 2015.