رأس الخيمة العقارية
RAKPROPERTIES

Ref: RAKP/LA/070/2015
Date: 29th October 2015

RAKP/LA/070/2015:المرجع
التاريخ 2015/10/29

Mr. Saif Sayah Al-Mansuori

Head of Listing Companies Dept

Abu Dhabi Securities Exchange Market

السيد/ سيف صياح المنصوري المحترم

رئيس إدارة إدراج الشركات

سوق أبو ظبي للأوراق المالية

Dear Sir:

تحية طيبة وبعد،،،

Subject: Results of RAK Properties BOD Meeting held on 29th October 2015

الموضـــوع: نتائج إجتماع مجلس ادارة شركة رأس الخيمة العقارية المنعقد بتاريخ 2015/10/29

Pursuant to our letter dated 25th October 2015 , we would like to inform you that the company's BOD held its meeting at 11:00 am on Thursday,29th of October, 2015, in RAS Al Khaimah, and discussed the items set out on the agenda, the results of the meeting are as follows :

بالإشارة الى كتابنا المؤرخ 2015/10/25 نرجوا التكرم بالاحاطة بأن مجلس الادارة قد إجتمع في تمام الساعة الحادية عشر صباحاً وذلك يوم الخميس الموافق 2015/10/29 برأس الخيمة ، حيث تم مناقشة البنود المدرجة على جدول الأعمال ، وفيما يلي نتائج الاجتماع:

Approval of the audited financial Statements for the Third quarter 2015 ended 30th September 2015 (copy of the reviewed financials along with the BOD report are enclosed herewith)

الموافقـة علـى النتـائج الماليـة المدققـة للربـع الثالـث مـن السـنة الماليـة 2015 والمنتهـي فـي 2015/09/30 (مرفـق نسـخة عنهـا طيـاً إضـافة الـى تقرير مجلـس الإدارة)

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

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

Best Regards,

Mohammed Sultan Al Qadi
Managing Director &CEO

و تفضلوا بقبول فائق التقدير و الإحترام

محمد سلطان القاضي
العضو المنتدب / الرئيس التنفيذي

رأس الخيمة العقارية RAKPROPERTIES

RAKPROPERTIES
رأس الخيمة العقارية

DIRECTORS REPORT FOR THE NINE MONTH ENDED 30TH SEPTEMBER 2015

On behalf of the board of Directors of RAK Properties PJSC I am delighted to present the Financials Statements of the Group for the nine month period ended 30th September 2015.

The Group has achieved the net profit of AED 27.49 million (2014 AED 74 million) and the revenue for the period is AED 134 million. Total assets of the Group is AED 4.8 billion

Summary of the financial statement

AED' 000

Description	Sept 30 2015	Sept 30 2014
Income statement		
Revenue	133,798	215,771
Cost of Revenue	(83,049)	(136,132)
Gross Profit	**50,749**	**79,639**
Operating Profit	**27,485**	**52,468**
Net Profit	**27,489**	**74,406**

Financial position as on	**Sept 30 2015**	**Dec 31 2014**
Noncurrent assets	3,657,815	3,673,311
Current assets	1,132,593	1,046,541
Total assets	**4,790,408**	**4,719,852**
Noncurrent liabilities	625,431	769,231
Current liabilities	522,686	232,819
Total equity	3,642,291	3,717,802
Total equity & liabilities	**4,790,408**	**4,719,852**

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RAKPROPERTIES
رأس الخيمة العقارية

Projects under development

During this period the development on the **Flamingo villas** (124 villas) has been substantially completed and ready to handover in October 2015. The sales revenue for the 124 villas will be recognized in the yearend financial statements.

The Group also awarded contract for 68 additional flamingo villas to meet the increasing demand.

The Bermuda villas (157 villas) in the Mina Al Arab Project has been progressing. This Project will be scheduled to be handed over in 2016.

The Group also awarded a Marina project with 56 berths in the Mina Al Arab Project to cater the demand in the region; the Marina is expected to be operational before end of the year.

The Group signed an Eco Resort Hotel Operation Agreement with Anantara Hotel Operator (Minor Hotel Group). This 250 key Anantara Mina Al Arab Ras Al Khaimah Luxury Resort Hotel project is launched in City Scape Property Exhibition in Dubai during September 2015. The development will start in early 2016 and commercial operation is planned to start during 2018.

Future projects:

The Group has been working on various concepts and developments in line with future market requirements. Accordingly, new projects with certain distinctive concepts will be introduced in the retail, residential and hospitality segments.

Mohammad Sultan Al Qadi
Managing Director and CEO

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

Review report and consolidated interim financial information for the nine months period ended 30 September 2015

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

Review report and consolidated interim financial information for the nine months period ended 30 September 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 30 September 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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
29 October 2015

Condensed consolidated statement of financial position
At 30 September 2015

	Notes	30 September 2015 AED '000 (Unaudited)	31 December 2014 AED '000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	410,448	416,330
Investment properties	5	1,657,365	1,657,365
Investment properties under development	6	280,271	267,016
Trading properties under development	7	862,126	884,628
Investments	8	368,907	380,244
Advances		78,698	67,728
Total non-current assets		3,657,815	3,673,311
Current assets			
Trading properties under development	7	124,118	-
Investments	8	32,654	34,603
Advances		79,385	64,335
Trading properties	9	450,736	513,224
Trade and other receivables		130,558	129,756
Bank balances and cash	10	315,142	304,623
Total current assets		1,132,593	1,046,541
Total assets		4,790,408	4,719,852

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

Condensed consolidated statement of financial position (continued)
At 30 September 2015

	Notes	30 September 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		89,218	164,729
Total equity		3,642,291	3,717,802
Non-current liabilities			
Provision for employees' end of service indemnity		3,646	3,148
Borrowings	15	-	91,850
Deferred government grants	5	570,902	570,902
Advances from customers		50,883	103,331
Total non-current liabilities		625,431	769,231
Current liabilities			
Borrowings	15	182,937	12,126
Advances from customers		83,601	5,921
Trade and other payables		256,148	214,772
Total current liabilities		522,686	232,819
Total liabilities		1,148,117	1,002,050
Total equity and liabilities		4,790,408	4,719,852

Mohammad Sultan Al Qadi
Managing Director

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

Condensed consolidated statement of income (unaudited)
for the nine months period ended 30 September 2015

	Notes	Three months period ended 30 September 2015 AED '000	Three months period ended 30 September 2014 AED '000	Nine months period ended 30 September 2015 AED '000	Nine months period ended 30 September 2014 AED '000
Revenue	16	**41,754**	66,376	**133,798**	215,771
Cost of revenue		**(26,474)**	(39,906)	**(83,049)**	(136,132)
Gross profit		**15,280**	26,470	**50,749**	79,639
Other operating income /(expenses) – net		**805**	(1,217)	**2,229**	243
General and administrative expenses		**(9,250)**	(9,963)	**(25,493)**	(27,414)
Operating profit		**6,835**	15,290	**27,485**	52,468
Gain on sale of investments		-	-	-	10,602
Net change in fair value of investments at fair value through profit or loss		**(2,207)**	7,099	**(1,949)**	9,541
Dividend income		-	521	**1,060**	2,233
Finance income		**1,092**	1,341	**3,790**	4,143
Finance expenses		**(923)**	(1,470)	**(2,897)**	(4,581)
Profit for the period		**4,797**	22,781	**27,489**	74,406
Basic earnings per share for the period (AED)	17	**0.002**	0.011	**0.014**	0.037

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

Condensed consolidated statement of comprehensive income (unaudited)
for the nine months period ended 30 September 2015

	Three months period ended 30 September		Nine months period ended 30 September	
	2015	2014	**2015**	2014
	AED'000	AED'000	**AED'000**	AED'000
Profit for the period	**4,797**	22,781	**27,489**	74,406
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	**4,797**	22,781	**24,489**	72,406

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

Condensed consolidated statement of changes in equity for the nine months period ended 30 September 2015

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Cumulative changes in fair value of AFS financial assets AED '000	Retained earnings AED '000	Total 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	-	-	-	-	74,406	74,406
Other comprehensive loss for the period	-	-	-	-	(2,000)	(2,000)
Total comprehensive income for the period	-	-	-	-	72,406	72,406
Transfer to reserves (Note 12 & 13)	-	702,733	297,267	-	(1,000,000)	-
Dividends (Note 14)	-	-	-	-	(100,000)	(100,000)
Balance at 30 September 2014 (unaudited)	2,000,000	1,000,000	508,579	-	98,966	3,607,545
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	-	-	-	-	27,489	27,489
Other comprehensive loss for the period	-	-	-	-	(3,000)	(3,000)
Total comprehensive income for the period	-	-	-	-	24,489	24,489
Dividends (Note 14)	-	-	-	-	(100,000)	(100,000)
Balance at 30 September 2015 (unaudited)	**2,000,000**	**1,000,000**	**524,153**	**28,920**	**89,218**	**3,642,291**

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

Condensed consolidated statement of cash flows (unaudited)
for the nine months period ended 30 September 2015

	Nine months period ended 30 September	
	2015	2014
	AED '000	AED '000
Cash flows from operating activities		
Profit for the period	27,489	74,406
Adjustments for:		
Depreciation of property and equipment	7,893	7,364
Finance (income)/expenses – net	(893)	438
Dividend income	(1,060)	(2,233)
Net change in fair value of investments at fair value through profit or loss	1,949	(9,541)
Gain on disposal of property and equipment	(5)	-
Gain on disposal of investment	-	(10,602)
Provision for employees end of service indemnity	548	422
Operating cash flows before changes in operating assets and liabilities	35,921	60,254
Decrease in trading properties	62,488	115,849
Increase in trading properties under development	(99,837)	(14,893)
Increase in trade and other receivables	(2,255)	(39,017)
Increase in advances	(26,020)	(25,940)
Increase/(decrease) in trade and other payables	25,036	(5,307)
Increase/(decrease) in advances from customers	25,232	(25,541)
Cash generated from operating activities	20,565	65,405
Employees' end of service indemnity paid	(50)	(228)
Net cash generated from operations	20,515	65,177
Cash flows from investing activities		
Purchase of property and equipment	(2,014)	(730)
Proceeds on sale of property and equipment	8	
Purchase of investments	-	(12,000)
Interest income received	5,243	5,535
Dividend income received	1,060	2,233
Proceeds from disposal of investments	11,337	24,223
Decrease/(increase) in investment properties under development	(13,255)	2,794
Net cash generated from investing activities	2,379	22,055
Cash flows from financing activities		
Dividend paid	(91,823)	(90,614)
Increase/(decrease) in bank overdraft	78,961	(19,570)
Interest paid	(4,690)	(5,694)
Board of Directors' remuneration	(3,000)	(2,000)
Net cash used in financing activities	(20,552)	(117,878)
Net decrease in cash and cash equivalents	2,342	(30,646)
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)	5,593	2,337

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

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 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 nine months period ended 30 September 2015 comprises 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 nine months period ended 30 September 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. 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.	1 January 2018
• 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

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 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 2018
• 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
• 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

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 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 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.

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.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

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 nine months period ended 30 September 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.

3.3 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. Summary of significant accounting policies (continued)

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 nine months period ended 30 September 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 nine months period ended 30 September 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 nine months period ended 30 September 2015 (continued)

3. Summary of significant accounting policies (continued)

3.8 Basis of consolidation (continued)

3.8.1 Subsidiaries:

Details of the Company's subsidiaries at 30 September 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

	30 September 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 nine months period ended 30 September 2015 (continued)

6. Investment properties under development

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Balance at beginning of the period/year	**267,016**	351,172
Cost incurred	**13,255**	4,716
Transferred to property and equipment	-	(44,734)
Transferred to trading properties under development	-	(44,138)
Balance at end of the period/year	**280,271**	267,016

Investment properties under development are located in United Arab Emirates.

7. Trading properties under development

Non- Current trading properties under development

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Inside U.A.E.	**829,456**	851,958
Outside U.A.E.	**32,670**	32,670
Balance at the end of the period/year	**862,126**	884,628

Current trading properties under development

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Inside U.A.E.	**124,118**	-
Balance at the end of the period/year	**124,118**	-

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2015 (continued)

8. Investments

The details of the Group's investments are as follows:

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
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	**274,064**	282,649
	404,563	413,148
Gross value for non-current investments	**671,316**	679,901
Less: Provision for impairment	**(310,679)**	(310,679)
	360,637	369,222
Held to maturity investment		
Unquoted debt instrument placed outside United Arab Emirates	**8,270**	11,022
Total non-current investments	**368,907**	380,244
Current investments – FVTPL		
Quoted equity securities inside U.A.E.	**23,827**	25,514
Unquoted investments outside U.A.E.	**8,827**	9,089
Balance at end of the period/year	**32,654**	34,603

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2015 (continued)

9. Trading properties

	30 September 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	(62,488)	(160,441)
Balance at end of the period/year	450,736	513,224

All trading properties are located in United Arab Emirates.

10. Bank balances and cash

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Cash in hand	7	20
Bank balances:		
Current accounts	1,857	569
Current accounts – unclaimed dividends	59,549	51,372
Call accounts	3,729	2,662
Term deposits	250,000	250,000
	315,142	304,623

Current accounts – unclaimed dividends should be utilised only for the payment of dividend and should not be used for any other purposes.

Fixed deposit amounting to AED 250 million is under lien against bank overdraft facility. At 30 September 2015, outstanding balance in the bank overdraft amounting to AED 91,087 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.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2015 (continued)

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% of share capital amounting to AED 100,000 thousand for 2014 (2013: 5%, AED 100,000 thousand).

15. Borrowings

	30 September 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	**91,087**	12,126
	182,937	12,126

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 the year 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 (31 December 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 deposit 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 30 September		Nine months period ended 30 September	
	2015	2014	**2015**	2014
	AED '000	AED '000	**AED '000**	AED '000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Sale of properties	**23,655**	42,880	**81,044**	147,418
Forfeiture income	**6,093**	5,866	**15,879**	30,097
Facility management fee	**5,990**	6,130	**17,711**	16,326
Rental income	**6,016**	6,542	**19,164**	16,972
Other	**-**	4,958	-	4,958
	41,754	66,376	**133,798**	215,771

17. Basic earnings per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2015	2014	**2015**	2014
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period (in AED '000)	**4,797**	22,781	**27,489**	74,406
Number of shares (in '000)	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Basic earnings per share (in AED)	**0.002**	0.011	**0.014**	0.037

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.

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:

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Term deposits	**250,000**	250,000
Term loan	**(91,850)**	(91,850)
Bank overdraft	**(91,087)**	(12,126)

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

	Three months period ended 30 September		**Nine months period ended 30 September**	
	2015 AED '000 (unaudited)	2014 AED '000 (unaudited)	**2015 AED '000 (unaudited)**	2014 AED '000 (unaudited)
Key management remuneration:				
Salaries and benefits	**1,401**	1,506	**7,039**	6,519
End of service benefits	**89**	88	**263**	311
	1,490	1,594	**7,302**	6,830
Directors sitting fees	**45**	465	**930**	1,005
Directors remuneration	**-**	-	**3,000**	2,000
Interest income on term deposits	**911**	1,204	**3,236**	3,718
Interest expenses on term loans	**1,162**	1,162	**3,448**	3,448
Interest expenses on bank overdraft	**386**	415	**851**	1,125

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2015 (continued)

18. Related party transactions (continued)

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 30 September 2015.

19. Cash and cash equivalents

	30 September 2015 AED '000 (unaudited)	30 September 2014 AED '000 (unaudited)
Bank balances and cash – net	**315,142**	304,540
Current accounts – unclaimed dividends	**(59,549)**	(52,203)
Term deposits with maturity more than 3 months	**(250,000)**	(250,000)
	5,593	2,337

20. Commitments and contingent liabilities

Commitments relating to the property development are as follows:

	30 September 2015 AED '000 (unaudited)	31 December 2014 AED '000 (audited)
Approved and contracted	**210,501**	242,116
Approved but not contracted	**265,895**	321,660

The Group has a legal case with one of the contractor and an arbitrational tribunal has been constituted. 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.

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2015 (continued)

21. Fair value measurements (continued)

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.

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.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	Fair value as at 30 September 2015 AED'000 unaudited	31 December 2014 AED'000 audited	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	**671,316**	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	**23,827**	25,514	Level 1	Quoted bid prices in an active market.	None	NA
Unquoted investments	**8,827**	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.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2015 (continued)

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
30 September 2015				
Available-for-sale				
Unquoted equity investments and funds (Gross value)	-	-	671,316	671,316
Financial assets carried at FVTPL				
Assets held for trading	23,827	-	8,827	32,654
Investment properties	-	-	1,657,365	1,657,365
Investment properties under development	-	-	280,271	280,271
	23,827	-	2,617,779	2,641,606

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2015 (continued)

21. Fair value measurements (continued)

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

	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 equity investments 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.

22. Seasonality of results

Dividend income of AED 1.06 million for the nine months period ended 30 September 2015 (Nine months period ended 30 September 2014: 2.2 million), which is of a seasonal nature.

24. Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 29 October 2015.